

# CONSUMER BEHAVIOR IN THE DIGITAL AGE: EXPLORING THE IMPACT OF ONLINE REVIEWS AND RATINGS

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## Abstract

*The digital age, characterized by widespread internet use, technological advancements, and the surge of social media, has profoundly transformed consumer behavior. This shift in consumer behavior presents both opportunities and challenges for businesses in the online landscape. Understanding consumer actions is crucial for effective communication through strategies like influencer marketing, content marketing, user experience (UX) optimization, user-generated content (UGC), and electronic word-of-mouth (eWOM). These strategies, by enhancing user engagement and influencing user behavior, are pivotal for boosting online sales and expanding digital enterprises. This Special Edition of the Journal of Online Consumer Behavior contributes to our knowledge of digital marketing strategies, online consumer behavior, and innovative digital business models such as shared economies and mobile applications by delving into the examination of consumer behavior in the digital era.*

**Keywords:** *Consumer Behavior, Digital Age, Digital Strategies*

## Introduction

Over the past decade, internet usage has rapidly evolved, leading to a shift in user behavior driven by current societal issues (Urban, Sultan, & Qualls, 2000). This transformation has given rise to new user routines and behaviors in a digital environment where personalized strategies for attracting users are becoming more prevalent (Reyes-Menendez, Saura, & Filipe, 2019).

Strategies like user experience (UX) enhancement, influencer marketing, user-generated content (UGC), and electronic word-of-mouth (eWOM) are pivotal for internet-based business models in today's digital ecosystem. These strategies enable businesses to better understand their online users and consumers (Saura, 2020). Collecting user-generated data from various digital sources, including social media, websites, and digital platforms, provides essential insights into user demographics, location, interests, and lifestyle choices. Analyzing this data facilitates the development of adaptable digital segmentation approaches and precise advertising targeting (Kietzmann et al., 2011).

Moreover, the analysis of user-generated data and online user actions has led to increased efforts by businesses to comprehend the factors influencing users' choices online. Elements such as online reviews, opinions, social networks, and peer interactions in virtual spaces can impact user behavior (Reyes-Menendez et al., 2020). Additionally, the customer journey has evolved over time, driven by advancements in digital technology and the growing influence of digital advertising (Jeetesh et al., 2020). Websites designed for

online commerce have greatly improved in terms of usability, requiring a comprehensive understanding of these shifts, both from a user's data privacy perspective and a business strategy standpoint.

User-generated content (UGC) is a valuable tool for analyzing user sentiments and behaviors, free from business bias. By studying such content, businesses can identify trends within user communities and identify opinion leaders who can become influencers promoting their products and services (Jeetesh et al., 2020). Similarly, electronic word-of-mouth (eWOM) has emerged as a crucial strategy for both attracting and retaining users. Users comfortably engage with social networks and multimedia platforms, influencing ecosystems through increased followership and extended participation. Peer opinions, as expressed in reviews and comments, play a significant role in shaping user judgments (Jeetesh et al., 2020).

In this context, the objective of this special issue is to examine the factors influencing user behavior in the digital era, with a focus on key digital marketing strategies used to promote various online content.

### **The Impact of Social Media on Consumer Buying Behavior**

Recent research by Jeetesh, Konar, and Balasubramanian (2020) highlights the growth of digital data and information in the restaurant industry and social networks. Their study investigates the purchasing patterns of customers in Malaysian eateries, analyzing data from social networks. The authors explore the role of electronic word-of-mouth (eWOM) in the food industry in Malaysia, examining its connection to online marketing communities and social media. Their findings suggest that online ordering systems, social media advertising, and eWOM significantly influence user purchasing behavior. However, they also note that users' purchasing decisions in the restaurant and leisure sectors are not significantly affected by other users' opinions found online.

These findings emphasize the importance of businesses managing customer reviews and opinions online, depending on the specific industry they operate in. A well-designed digital platform alone may not increase sales, but negative customer reviews can impact an online business's strategy. Understanding these dynamics is essential for maintaining a positive online reputation and ensuring customer trust.

### **Mobile Application Using Eye Tracking**

Ziaran, Antoln, and Lacaci (2020) recommend incorporating mobile application integration into organizations' strategies to study user behavior effectively. Mobile applications have reshaped user behavior within the digital ecosystem, as mobile phones have become a new purchasing medium. Their research explores how users' responses vary when eye-tracking data is compared to questionnaire responses.

The study's results suggest that users' responses can be anticipated by examining the stimuli presented in questionnaires. These findings can be applied to enhance user experience and application design. The study also highlights the need to minimize distractions when implementing marketing strategies in noisy environments, such as when using mobile phones while on the move.

The insights from Ziaran and colleagues (2020) have the potential to improve user navigation and concentration in digital platforms. This information can guide the development of organizational branding and design strategies for various platforms and social media profiles.

The study's focus on the relationship between explicit and implicit measures provides valuable empirical evidence. Users' responses to a basic questionnaire can be predicted by visually analyzing scenarios presented on a mobile phone. This research encourages further investigation into improving user experiences through visual navigation features in mobile applications.

### Objectives

- To investigate Consumer Behavior in the Digital Age.
- To examine Digital Age and Digital Strategies.

### Methodology

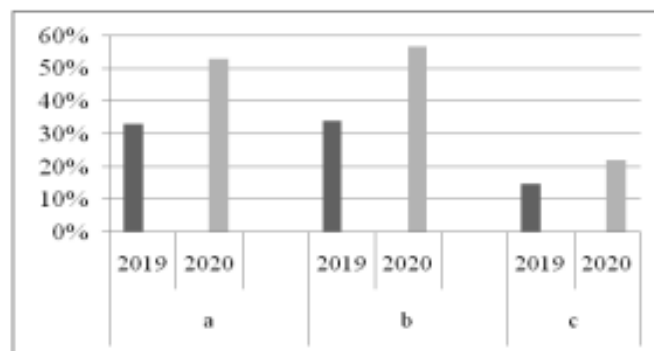
Our comprehensive analysis draws from various statistical data sources, surveys conducted by leading national and international analytical agencies, and an examination of strategies employed by both domestic and international small and medium-sized enterprises (SMEs) in implementing digital technologies and omni-channel marketing facilities.

The proliferation of digital technologies (DTs) and their adoption across social and commercial sectors has fundamentally altered consumer behavior and communication. Traditional brick-and-mortar businesses required physical stores, cash transactions, and in-person product transportation. In contrast, the digital era offers customers multiple avenues to find and purchase products, including search engines, online retailers' websites, social networking platforms, and messaging apps. These digital channels facilitate access to product information, reviews, price comparisons, and more, influencing customers' purchasing decisions.

Omni-channel marketing, bridging the digital and physical realms, enables customers to make purchases through various mediums, such as mobile applications, websites, and online stores. The goal is to eliminate obstacles hindering customer transactions, empowering them to interact with businesses seamlessly. While physical stores and showrooms provide hands-on experiences and the opportunity to examine products, digital channels offer a wealth of information, including reviews, price comparisons, and access to various producers.

Despite the transformation of consumer behavior and the benefits of DTs, digital adoption among SMEs remains low. In the United States, only 20% of SMEs were deemed digitally advanced in 2018, with 20% utilizing minimal or no DTs in their operations (Smith, 2011). The majority of SMEs employ varying levels of digital tools, resulting in approximately 80% of the industry exhibiting low or inadequate levels of digitalization. This research examines the factors influencing SMEs' digital adoption, investigating potential correlations with firm characteristics, regional location, and industrial specialization. It also assesses the impact of digitalization on sales and the firm's digital divide among SMEs.

One of the causes that is inhibiting the expansion of e-commerce in the SME sector is the refusal of firms, primarily small and micro businesses, to make their financial activity completely transparent. This condition is the outcome of transactions going wholly online and non-cash. [10] Experts mention this as one of the factors that is impeding the growth of e-commerce. They also detail the main charges for getting services from banks, which are discussed in relation to the profitability and turnover of micro-businesses. In the year 2020, there was a clear movement toward the direction of small and medium-sized businesses (SMEs) becoming more digitally integrated. This was primarily the result of changes in the external environment in which businesses operated. Pandemics and the associated restrictive measures imposed by governments in the majority of countries forced more than ninety percent of all businesses to operate entirely online. Staff members were forced to work from their homes, and contacts with customers were made through postal services, telephony, messaging services, and social media. Because of this particular condition, the websites of various companies developed far faster than they otherwise would have. In 2020, 75% of companies had their own websites, compared to only 54% in 2019. This was a significant increase. Additionally, it raised the excitement of business owners for digitization due to the advantages achieved in (a) the efficiency and effectiveness of business operations, (b) the speed with which operations are carried out, (c) the quality of customer service, and (d) the rate of customer satisfaction (Figure 1).



**Figure 1 According to estimates provided by business owners, the operational impact of digitisation on SMEs in 2019 and 2020**

It is shown (though indirectly, since non-cash payments are also made in physical stores) that there has been a significant increase in non-cash payments: of all financial transactions carried out within the year, as many as 71% in St. Petersburg, Russia, and 86% in Moscow, Russia, were electronic. Restrictions on physical trade and business operations increased the number of different remote transactions. Experts at Taxcom, a Russian company that facilitates electronic transactions, claim that the majority of businesses in the retail and service sectors have been compelled to transition their operations to online trade as a direct result of the increase.

Both broad trends toward digitalization and conditions associated to the pandemic contributed to the growth of e-commerce, which now accounts for 14% of all sales on a global scale. This percentage is expected to continue to rise in the coming years. It is anticipated that sales will approach this benchmark on a global scale by the year 2022, with the possibility that they would exceed 23% in certain regions (the Chinese market currently exhibits such rates).

## Global trade by 2022



**Figure 2 shares of both physical and digital trade expected worldwide by the year 2022**

Another key trend that has great significance for practical applications is the continuous decline in costs associated with digitization. In particular, the improvements based on neural networks and artificial intelligence (AI), which enable automatic website design and development, are responsible for this trend. The price of such media, such as Leia AI Website Builder in the United States, is relatively low: Leia's subscription for SMEs costs 99 dollars per year, and the process of creating a business website is reduced for the owner to simply voicing the desired features and functionality, with the rest of the development being handled by AI. Setting up a personal website, creating an account, or registering with an online shopping aggregator all need an initial financial commitment of some kind.

### ANALYSIS

Omni-channel marketing and digitization will soon become vital components for a company to have in order to achieve and maintain ongoing success. The most significant benefits of conducting business via the internet include improved accessibility to national and worldwide markets as well as expanded opportunities for the launch of new products, brands, and businesses. When small and medium-sized enterprises (SMEs) with low and high degrees of digitization were compared, the following conditions and trends were found to be associated with highly advanced digital firms:

- The average amount of money made per worker is twice as much as before;
- a potential increase in annual revenue of up to 400%;
- there is a threefold increased possibility of expanding employment and hiring additional staff members;
- Additionally, there are three times as many opportunities for international trade.

E-commerce not only makes it easier to establish direct lines of contact between businesses and customers, but it also streamlines the distribution process by allowing products to be shipped directly to customers rather than going through wholesalers or retail stores. The findings of the survey indicate that when choosing a product or

service, modern consumers should give careful consideration to the following two aspects: first, the reviews and ratings left by other customers, which are frequently published on the websites of manufacturers, in specialized search engine applications, on the websites of brick-and-mortar or online retailers, on specialized shopping websites, etc. Over seventy percent of people now do research on a product before making a purchase. This includes reading reviews written by experts and other customers, comparing prices and manufacturers, and more. According to the findings of this study, the stage of consumer familiarization with reviews and evaluations is required as part of the process of searching for and selecting products. The second component is the manner in which social media, and more specifically influencers, alter the preferences and choices of customers, particularly those customers who are younger.

Because digital transformation is such a major trend in the business growth strategy of large companies, it necessitates that small and medium-sized enterprises (SMEs) also become involved, and that DTs be viewed as crucial to the sustained development plan of businesses of all sizes. Customers place a high value on a company's website that allows for customer interaction through online payments, ordering of goods or services, viewing videos of the product and its applications, receiving feedback, etc. Customers also value a company's social media page because it broadens the geographic scope of customers entering a country, makes the company more sensitive to the needs and preferences of its target market, and increases brand awareness and customer base. Customers can view videos of the product and its applications on the website.

The development of online shopping aggregators such as Amazon and AliExpress, which make the process of product search, selection, ordering, and delivery simpler and offer guaranteed delivery of the product that was ordered, immediate and direct contact with a producer, a simpler process for repeat orders of products through personalized consumer accounts, as well as speech-activated search and ordering, has significantly contributed to the current growth of online trade. Many businesses believe that these new competitors in the market offer the best opportunity for their products as well as the ever-expanding selection of goods. At the present time, locally grown produce and catering services are being added to the selection of long-lasting goods as a result of improved delivery possibilities. The expansion of pandemic-related innovations along with an increase in online commerce (which necessitates the employment of deliverers, staff-operated and automatic points, and allowances for non-cash payments, among other things) have led to the commensurate expansion of the delivery service industry.

Recently, one of the most prominent trends in digital sales has been the use of specialized features and functionality found in chat platforms, such as WeChat in China and Line in other Asian countries. They currently offer, in addition to their core message option, the capability to order commodities, cabs, or movie tickets, with payment also being handled through the messenger application. WhatsApp, which is the most popular messaging service in both the European Union and the United States, has also begun new projects related to this topic. VKontakte, the most popular social network in Russia, is a pioneer in similar advancements there, giving its users with taxi services, food delivery, and the option to buy certain things using network payments. This makes it one of the most innovative social networks in the world.

The rise of social networking has already spawned the phenomena of social commerce, which enables users to make spur-of-the-moment purchases while reading messages on social media platforms. For example, Instagram

has incorporated a specialized feature in its posts, such as a shopping tag that can be used to tag and search information on the goods at a later time, or a "shopping bag" sticker that enables users who are reading the post to quickly purchase the thing using the tag. Both of these features can be found in the "shopping" section of the post.

Accumulating government-supported initiatives and programs are evidence that authorities are becoming more aware of the significance of boosting DTs' involvement as well as the role and advantages of digitalization for SMEs. This is evidenced by the fact that authorities are becoming more aware of the necessity of promoting digitalization for SMEs. It is Russia's intention to develop an integrated digital platform for small and medium-sized enterprises (SMEs) by the year 2021. This platform will provide specific assistance measures, access to banking and educational services, online shopping aggregators, and other services of a comparable nature.

## Conclusion

Understanding consumer behavior in the digital age is a critical element for businesses to develop effective strategies and thrive in the digital landscape. This special edition of the Journal of Online Consumer Behavior provides insights into the impact of online reviews and ratings on consumer buying behavior, the role of mobile applications and eye-tracking in studying user behavior, and the adoption of digital technologies by small and medium-sized enterprises.

The studies presented in this special edition highlight the importance of adapting to the changing digital environment and leveraging digital strategies to enhance user experiences and drive business growth. As technology continues to evolve and consumer behavior evolves with it, staying up-to-date with the latest research and trends in online consumer behavior is essential for businesses to remain competitive in the digital age.

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