"Investigating Consumer's Online Search and Decision-Making Strategies"

Consumers are highly influenced by product reviews when making purchase decisions online. Product reviews have become one of the most frequently accessed and trusted information sources. In this presentation, we will concentrate on two studies dealing with consumers' online search behavior and decision making with respect to Online Customer Reviews (OCRs). Study 1 examines the impact of OCR characteristics (valence, volume and variance) on return decisions with a rich multi-year dataset from a major online retailer covering the electronics and furniture category. This is of interest since many studies examined the effects of OCRs on product sales, but a clear understanding of the effects of OCRs on product returns is lacking. The main finding is that overly positive review valence (i.e., higher than the long-term product average), induces more purchases, but also more returns. The effect of review valence on returns is stronger for novice buyers and for cheaper products. We further find that review volume and variance mainly affect purchase decisions, and have little to no effect on product returns. With a unique eye-tracking experiment, Study 2 investigates which product- and review-specific information consumers search for in an OCR when purchasing a product online. In doing so, we account for the fact that consumers pursue heterogeneous search and decision-making strategies, which is not existent in current studies examining the effects of OCRs on product sales (and also returns). Overall, we find four segments with respect to their search and decision-making strategies: 1) focused review and user-generated content reader, 2) design-oriented consumer, 3) most helpful review reader, and 4) specification skimmer. Interestingly, all segments can be determined based on their browsing behavior (and not psychographic characteristic), which enables retailers having OCRs on their website to improve their service offerings based on the browsing behavior of their customers.