

Consumer Awareness and Perception Towards Online Reviews of Cars - A Study with special reference to Chennai

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ABSTRACT

Online reviews are popular now a days and cover almost every product. Online reviews are easily available throughout the internet. Consumers search information before purchasing a new car as cars are seemed as high value product. Online reviews of cars facilitate those informational needs of consumers. A study was carried on to explore the consumers' awareness and perception of online reviews of cars. The survey was conducted with the help of structured questionnaire from 120 respondents through convenient sampling and 103 samples were considered as valid selected for this study. This study concludes that online reviews of cars are one of the important source for providing information about cars to the consumers. Consumers seek online reviews before making their purchase decision of cars. Online reviews provide detailed information about various car models and enables the consumers to compare and evaluate cars. This study suggest marketers to give importance to online reviews, so that they can know what others think about their car models.

Keywords: online reviews, cars, awareness, consumer perception

1. INTRODUCTION

Product reviews are becoming popular now a days because of the rapid growth of internet in India. Product reviews are often made for electronic products like cell phones, TVs and other smart devices which are usually sold through e-commerce. Reviews for the products that are sold offline are also available in the internet. Online reviews cover many products and services that are popular among the consumers. Online reviews are classified into two types – Expert made reviews and consumer made reviews. Expert reviews are made by persons who possess experience, knowledge and skill set regarding specific product line. Consumer reviews are generated from actual consumers of a products and services. Both expert and consumer generated online reviews are accompanied with star rating. Star rating of a product gives an overview of how good a product is. Online reviews about cars are generally found in the internet through search engines and dedicated review websites. Even though most of the online reviews are made for products sold through e-commerce, online reviews of cars which are high value offline products and the consumer awareness and perception of those reviews is interesting to study. Online reviews about cars explain the pros and cons of a car model. They give detailed information regarding mechanical and technical specification of a car model. It also discusses about the comfort, safety features, infotainment features about a car model.

A short literature review was carried out to outline the meaning and significance of online reviews.

2. REVIEW OF LITERATURE

Mudambi and Schuff (2010) in their research article pointed out the meaning of online reviews. They said that online reviews are evaluation information of products and service which are posted on third party websites.

Zan Mo et. al (2015) in their research article states that online reviews are used to evaluate products and services in all dimensions. Consumer can able to reduce their risk in purchase decision by understanding the features and quality of products and services in other persons' perspective.

Efthymios Constantinides and Nina Isabel Holleschovsky (2016) in their research article states that online review platforms are categorised into four. Retailer websites, Dedicated product review websites, Video sharing platforms and Personal blogs. They also confirm that most of the consumers refer online reviews before making purchase of high value products.

Dabholkar (2006) states that searching of product related information in the internet is done by consumers very often. Consumers' product related information needs are satisfied by various review websites prevailing all over the internet. Consumers can also able to compare similar products and their features through those review and rating websites.

Lee, Han and Park (2007) explains that online product reviews give both product information and product recommendation. They are one of the important factors in making purchase decision. They also argue that review quality has higher influence on purchase decision than review quantity.

3. OBJECTIVES OF THE STUDY

The primary objective of this study is to understand the awareness of online reviews of cars and perception of existing and potential car consumers towards it.

Secondary objectives of this study are as follows:

1. To study the demographic profile of the respondents
2. To know the favourite car brand among the respondents
3. To understand the internet usage pattern of the respondents.
4. To understand the factors influencing the perception of online reviews of cars.

4. LIMITATIONS OF THE STUDY

Structured questionnaire is the survey tool used to collect data from the respondents which may not be a probe into understanding the thoughts of the respondents. This study omits the rural area respondents as Chennai residence are taken as sample population.

5. RESEARCH METHODOLOGY

The research design of this study is descriptive in nature as it describes a phenomenon. The primary data collection tool is a structured questionnaire with closed ended question. Secondary data is collected from various scholarly journals and websites. Survey of this research is made with the help of Google Forms. The sampling design of this study is convenience sampling. A sample of 120 respondents were asked to fill the questionnaire, however 103 samples are found to be correct and were utilised for this study. The period of the data collection is May and June 2019.

ANALYSIS AND INTERPRETATION

IBM SPSS Statistics V 23.0 software has been used for analysing the data of this study. The reliability score using Cronbach’s Alpha shows 0.779. It is acceptable as it lies between the standard scores of 0.6 and 0.8. The KMO count is 0.745 which shows that the sampling is not so good but it is in the acceptable range for factor analysis. This study uses Percentage analysis, Chi-Square test, Spearman’s RHO, Mann Whitney U test and Exploratory Factor Analysis as statistical tools.

Cronbach’s Alpha based on standardised items	0.779
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	745
Approx. Chi-Square	241.806
Bartlett's Test of Sphericity	df 36
	Sig. 0.000

TABLE NO 1

DESCRIPTIVE ANALYSIS

FREQUENCY DISTRIBUTION SHOWING DEMOGRAPHIC PROFILE OF THE RESPONDENTS

DEMOGRAPHICS OF THE RESPONDENTS

DEMOGRAPHIC FACTORS	CLASSIFICATION	FREQUENCY N=103	PERCENTAGE
Gender	Male	86	83.5
	Female	17	16.5
	Total	103	100.0
Age	Below 25	15	14.6
	25-35	62	60.2
	36-45	23	22.3
	46-55	2	1.9
	Above 55	1	1.0
	Total	103	100.0
Occupation	Employed	63	61.2
	Self employed	19	18.4
	Housewife	4	3.9

	Student	11	10.7
	Others/Unemployed	6	5.8
	Total	103	100.0
Monthly Income (Dependent income if students or unemployed)	Less than Rs 20,000	11	10.7
	Rs 21,000 – 35,000	27	26.2
	Rs 36,000 – 50,000	28	27.2
	Rs 50,000 – 1,00,000	21	20.4
	Above Rs 1,00,000	16	15.5
	Total	103	100.0
Marital status	Married	67	65.0
	Single	36	35.0
	Total	103	100.0
Education level	School level	2	1.9
	Undergraduate	44	42.7
	Postgraduate	47	45.6
	Doctorate	10	9.7
	Total	103	100.0

Source: Primary data

TABLE NO 2

INFERENCE

The above table shows that 83.5% of the respondents are Male and 16.5% are Female. Majority of the respondents falls in the age group of 25-35 (60.2%) followed by 36-45 (22.3%). 61.2% of the respondents are Employed and 18.4% are Self-employed. 27.2% of the respondents earns monthly income of Rs.36,000 to 50,000 and 26.2% earns Rs.25,000 to 35,000 per month which clearly shows that majority of the respondents are middle class people. Majority of the respondents are Married (65%). The education profile of the respondents shows that 45.6% are Post graduates and 42.7% are graduates.

RESPONDENTS' OWNERSHIP POSITION OF CARS

OWNERSHIP OF CAR		
OWNERSHIP POSITION	FREQUENCY	CUMULATIVE PERCENT
Owning	52	50.5
Going to buy in near future	23	22.3
Planning to buy after sometimes	16	15.5
No idea of buying	7	6.8
Owning and going to buy another one	5	4.9
Total	103	100.0

TABLE NO 3

INFERENCE

From the above table it is inferred that 50.5% of the respondents owns a car, followed by 22.3% respondents said that they are going to buy a car in near future. Only 6.8% of the respondents said that they have no idea of buying a car.

FAVOURITE CAR BRAND**FAVOURITE CAR BRAND OF THE RESPONDENTS**

CAR BRAND	PERCENT	CAR BRAND	PERCENT
Maruti Suzuki	27.2	Volkswagon	06.8
Tata	07.8	Nissan	01.8
Mahindra	07.8	Renault	02.9
Honda	10.7	Skoda	02.9
Hyundai	21.4	Others	01.8
Toyota	08.7	Total	100.0

Source: Primary data

TABLE NO 4**INFERENCE**

From the above table it is inferred that Maruti Suzuki is the favourite car brand among the respondents. 27.2 % of the respondents agree to that. 21.4% said that their favourite car brand is Hyundai followed by Honda 10.7%.

INTERNET USAGE PATTERN OF THE RESPONDENTS**INTERNET USAGE OF THE RESPONDENTS**

STATEMENT	RESPONSE	FREQUENCY N=103	PERCENTAGE
I use internet frequently	Yes	65	63.1
	No	38	36.9
	Total	103	100.0
I use internet to collect information	Yes	62	60.2
	No	41	39.8
	Total	103	100.0

TABLE NO 5**INFERENCE**

The above table reveals the following information:

- (i) Majority of the respondents (63.1%) use internet frequently
- (ii) Majority of the respondents (60.2%) use internet to collect information.

CHI-SQUARE TEST**CHI SQUARE TEST ON TESTING THE SIGNIFICANT RELATIONSHIP BETWEEN GENDER OF THE RESPONDENTS AND USAGE OF INTERNET**

H₀: There is no significant association between the gender of the respondents and using internet frequently

H₀: There is no significant association between the gender of the respondents and using internet to collect information.

CHI-SQUARE TESTS

	VALUE	DF	ASYMPTOTIC SIGNIFICANCE (2-SIDED)
Using internet frequently	0.007 ^a	1	.932
Using internet to collect information	0.571 ^a	1	.450

Source: Computed data

TABLE NO 6

INFERENCE

From the above chi-square analysis it is inferred that the calculated p-values are higher than the table value at 95% level of confidence, therefore null hypothesis is accepted and it is concluded that

- (i) There is no significant association between Gender of the respondents and Using of internet frequently by the respondents.
- (ii) There is no significant association between Gender of the respondents and Using of internet to collect information.

SPEARMAN’S RANK-ORDER CORRELATION:

SPEARMAN’S RHO ON RELATIONSHIP BETWEEN USING OF INTERNET TO COLLECT INFORMATION AND AWARENESS OF ONLINE REVIEWS ABOUT CARS

		I use internet to collect information	I am aware of online reviews about cars
Spearman's rho	I use internet to collect information	1.000	.451**
	Correlation Coefficient		
	Sig. (2-tailed)	.	.000
	N	103	103
Spearman's rho	I am aware of online reviews about cars	.451**	1.000
	Correlation Coefficient		
	Sig. (2-tailed)	.000	.
	N	103	103

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

Source: Computed data

TABLE NO 7

INFERENCE

The results from the Spearman's rank order correlation which was used to determine the relationship between respondents' use of internet to collect information and respondents' awareness of online reviews about cars reveals that there is a strong and positive correlation exist between usage of internet to collect information and awareness of online reviews of cars. $r_s = 0.669$ and that is statistically significant with $p < .001$.

NON-PARAMETRIC TEST: MANN WHITNEY U TEST

Mann Whitney Test on significant difference between frequent use of internet and seeking online reviews before making purchase decision of car.

H_0 : There is no significant difference between frequent use of internet and seeking online reviews before making purchase decision of car.

RANKS

	I USE INTERNET FREQUENTLY	N	MEAN RANK	SUM OF RANKS
I seek online reviews before making a purchase decision of my car	Yes	65	58.24	3785.50
	No	38	41.33	1570.50
	Total	103		

TABLE NO 8

	I seek online reviews before making a purchase decision of my car
Mann-Whitney U	829.500
Wilcoxon W	1570.500
Z	-2.854
Asymp. Sig. (2-tailed)	.004

INFERENCE

The above table shows the Mann-Whitney U value and its associated p-value which is 0.004. As the calculated p-value is lesser than the 0.05, the null hypothesis is rejected and concluded that there is a significant difference between the using internet frequently and seeking online reviews before making purchase decision of car.

DIMENSION REDUCTION USING EXPLORATORY FACTOR ANALYSIS:

Exploratory factor analysis was performed to reduce 9 variables from the survey questionnaire in to predominant factors. Factor analysis uses principal component analysis with varimax rotation to

reduce variables into 3 factors. The test static is at satisfactory level in KMO and Bartlett. The analysis of factors presented below.

FACTORS INFLUENCING AWARENESS AND PERCEPTION OF ONLINE REVIEWS OF CARS COMMUNALITIES

	INITIAL	EXTRACTION
I seek/seek online reviews before making a purchase decision of my car	1.000	.648
I read and watch online reviews about cars often	1.000	.514
Online reviews give detailed information about cars	1.000	.754
Online reviews help me to understand new cars in the market	1.000	.578
Online reviews about cars are found in text as well as video	1.000	.682
Online reviews give both pros and cons of a car model	1.000	.726
I am aware of online reviews about cars	1.000	.566
Online reviews of cars are found in the search engines	1.000	.674
Online reviews of cars are found in specific websites and blogs	1.000	.629

Extraction Method: Principal Component Analysis.

TABLE NO 9

Principal Component Analysis shows that all the extraction values are more than 0.5 which is satisfactory for data reduction.

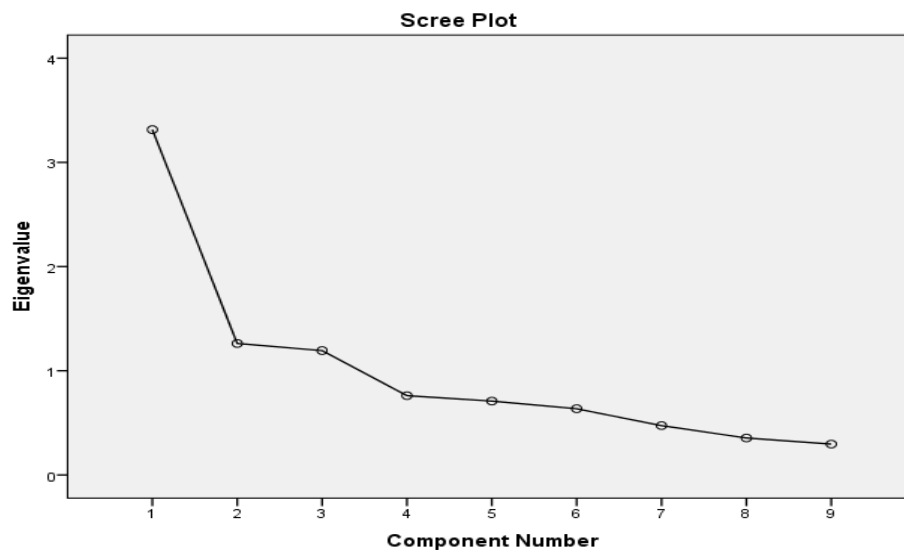


CHART 1

From the scree plot it is clear that three components are greater than eigenvalue of 1. It shows that the eight variables used in this factor analysis is reduced into three predominant factors. The percentage of variance after extraction are 36.826, 14.021 and 13.263 for factor1, factor 2 and factor 3 respectively.

ROTATED COMPONENT MATRIX^a

	COMPONENT		
	1	2	3
Online reviews give detailed information about cars	.860		
Online reviews about cars are found in text as well as video	.802		
I read and watch online reviews about cars often	.690		
I seek/seek online reviews before making a purchase decision of my car	.680		
Online reviews of cars are found in the search engines		.810	
I am aware of online reviews about cars		.712	
Online reviews of cars are found in specific websites and blogs		.460	
Online reviews give both pros and cons of a car model			.785
Online reviews help me to understand new cars in the market			.533

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 19 iterations.

INFERENCE

There are nine variables in the survey questionnaire that are reduced to three factors that influence the perception of online reviews of cars. There are four variables that constitute the first factor which is named as **Importance to online reviews of cars** among respondents, three variables constitute the second factor which is named as **Accessibility to online reviews**. Two variables constitute the third factor **Helpfulness of online reviews of cars**. From the first factor Importance to online reviews of cars, it is understood that consumers give importance to online reviews as to collect information about cars. The second factor Accessibility to online reviews of cars shows that online reviews are easy to access through the internet and search engines. The third factor Helpfulness shows that online reviews are helpful to consumers in understanding the features and specification of cars and also help them to understand about newly launched car models which cannot be available for physical examination during its initial launch period.

6. FINDINGS OF THE STUDY

1. Majority of the respondents are Male (83.5%). Female respondents constitute 16.5%.
2. Majority of the respondents falls under the age group of 25-35 (60.2%) followed by the age group of 36-45 (22.3%)
3. Majority of the respondents (65%) are Married. 35% of respondents are Single.
4. Majority of the respondents are employed (62.3%), 18.4% of the respondents are self-employed and 10.7% of the respondents are students.

5. Majority of respondents fall under the monthly income group of Rs.36,000 to Rs.50,000 (27.2%) followed closely by Rs. 25,000 to Rs.35,000. 20% of the respondents earn monthly income of Rs 51,000 to Rs.1,00,000. It is concluded that majority of the respondents have the financial ability to purchase cars.
6. The education profile of the respondents looks good as post graduates and undergraduates constitute an aggregate of 88.3%.
7. Majority of the respondents (50.5%) said that they already own a car. 22.3% respondents said that they are going to buy a car in near future. A mere 6.8% of the respondents said that they have no idea of buying a car.
8. Maruti Suzuki looks to be the most favourite car brand among the respondents. As 27.2 % of the respondents agree to that. 21.4% said that their favourite car brand is Hyundai and 10.7% said Honda is their favourite car brand.
9. Asking about the internet usage pattern of the respondents, majority of the respondents (63.1%) said that they use internet frequently and (60.2%) use internet for information gathering. This shows that the use of internet is gaining popularity.
10. There is no significant association between Gender of the respondents and Using of internet frequently by the respondents.
11. There is no significant association between Gender of the respondents and Using of internet to collect information.
12. There is a strong and positive correlation exist between usage of internet to collect information and awareness of online reviews of cars.
13. There is a significant difference between the using internet frequently and seeking online reviews before making purchase decision of car.
14. Factor analysis was used on nine variables and it is revealed that there are three factors that influence consumers' perception towards online reviews of cars namely Importance given to online reviews of cars among consumers, Easy accessibility of online reviews of cars and Helpfulness of online reviews of cars to consumers.

7. SUMMARY AND CONCLUSION

Purchasing car is a crucial decision for customers as car are considered as one of the high value products and cannot be purchased by a consumer often. There are multiple car brands providing various range of cars to the consumers. Consumers need information to carefully evaluate their alternatives. Consumers think that information provided by marketer is not enough, so they opt for online reviews. Online reviews provide detailed information about cars and also helps consumers to compare car models. Consumers avoid the risk of purchasing in cars by referring online reviews as most of the online reviews are made by third party reviewers and consumers. Online reviews of cars are easily accessible through the internet at free of cost. Rapid increase in the use of internet further increases the use of online reviews. This study suggest the marketers to give importance to online reviews about their car models, so that they can know what other people feel about their car models and can act according to get positive brand image which attracts more consumers.

8. SCOPE FOR FURTHER RESEARCH

Further research may concentrate on consumer awareness of user generated online reviews and expert online reviews individually. This may probe the insights of each of these online review

types. There is also a research scope of studying online reviews of different segment of cars as the customer base and characteristics vary significantly.

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