"The Effects of Online Consumer Reviews on E-Commerce in Korea"


O EUN LEE
Function & Characteristic of Consumer Reviews in E-Commerce

• **Function**
  - **Consumer side**
    : Consumers can obtain their useful information of products specialized to individual consumer and cut down their search cost
  - **Online Shopping Mall side**
    : Online shopping malls can induce consumers to decide to purchase products and enhance consumer loyalty

• **Characteristic**
  - They are “subjective” information consumers make after buying products
  - Consumers have “friendly” feelings to shopping malls through their participations
  - Users can see “active” interactive feedback between seller and consumer
Form of Consumer Reviews – 1

- eBay Auction (www.auction.co.kr): View–Item–Page

Premium Review (11) (in English)

[Form of Consumer Reviews]

Premium Review (11) (in English)

Form of Consumer Reviews

Premium Review (11)
### Social Network – CYWORLD (www.cyworld.com)

**Form of Consumer Reviews – 2**

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<tr>
<th>번호</th>
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### Blog – NAVER (www.naver.com)

**Form of Consumer Reviews – 2**

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<th>고객센터</th>
<th>Customer Center</th>
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<tr>
<td>제품정보 / 고객센터</td>
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**Review! 사용후기 모음**

고객님들이 추천 소중한 평가를 모았습니다!
 남겨주신 사용후기는 다른 분들의 선택에 많은 도움이 됩니다.

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Weight of Review at the Stage of Purchase Decision

Key Buying Factor

- Review: 42.7%
- Satisfaction: 39.6%
- Buying Number: 8.8%
- Seller Grade: 8.8%

* eBay Auction’s e-mail survey for recognition of Seller Program (May in 2007)

Consumer response (“Review” & “Satisfaction”) ⇒ Key Buying Factor
Recent Survey
(by the Seoul Electronic Commerce Center in 2009)

Effect of Reviews in Buying

- 91.2%
- Effect O: 8.8%
- Effect X: 9.8%

Reason to Make Reviews

- Objective Information: 48
- Mileage points: 63.5

Good Effects of Review

- Stimulate buying desire: 78.8
- Relieve desire: 80.7

Credibility/Authenticity of Review

- Frank criticism: 59.3
- General reliance: 65.5

* multiple responses accepted
The leadership in the market has been changed from Business to Consumer

AISAS theory (= Attention + Interest + Search + Action + Share)
- The success of online marketing has quickly become dependent on consumer reviews
- An amicable review can make sales volume increase 3 or 4 times more

Twinsumer (= a group of consumers buying products on reviews of others)
- Korean online shopping malls recently began to pay attention to behaviors of Twinsumers

Many online shopping malls make use of consumer review for their marketing
- The survey of Seoul Electronic Commerce Center in 2009 shows the following result

*Among 95 online shopping malls

- 37.9% issue mileage points only to amicable reviews
- 28.5% issue mileage points to all reviews
- 33.6% don’t issue any mileage point
• Some online shopping malls delete bad consumer reviews arbitrarily

⇒ Deleting bad consumer reviews account for 34% of all negative aspects (220 cases)
   (according to the survey of Seoul Electronic Commerce Center in 2009)

• Advertisements using good consumer reviews have increased in cases

⇒ In some categories such as food, medicines, healthy functional food and medical appliances, Korean government authorities prohibit online shopping malls from making false or exaggerated advertisements with consumer reviews such as award, experience or words of “certification”, “assurance”, “recommendation”, “rush of purchase orders”, “group recommendation”
Conclusion – direction of consumer reviews

• Consumers produce contents (such as interactive feedback, evaluation or reviews) by themselves on E-commerce.

• Consumer reviews are highlighted as the most important elements in purchasing decision to the others.

• The consumer-driven content will have a great influence on all kinds of internet businesses including E-commerce.

Thank you !!!
(감사합니다)