

Recommendations by other customers significantly influence Internet purchasing behavior

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The online purchasing behavior of private individuals shopping in their leisure time is heavily influenced by recommendations made by other customers. This is the conclusion drawn by researchers at Johannes Gutenberg University Mainz and Technische Universität Darmstadt in Germany.

Customer endorsements, in the form of Facebook 'Likes' for example, have a particularly marked influence on online buying behavior when consumers shop in the afternoon, evening, or at the weekend. There are certain economic theories concerning consumer attitudes to purchasing that, in the view of the researchers, can help explain this phenomenon. This involves the so-called 'hedonistic' buying behavior, in which purchasing is not a pragmatic process and also comparatively more time-consuming. The implication is that the recommendations made by other customers can influence and guide the 'hedonistic' shopper in their search for new and interesting products. During normal working hours before 3.00 pm, 'Likes' are far less influential as purchasers are usually working through a concrete shopping list.

Online retail is booming. The sector now generates annual world-wide revenues of about 1 trillion US dollars. A previous study by the research team headed by business informatics specialist Dr. Jörn Grahl of Mainz University demonstrated that online purchasing behavior is heavily influenced by the recommendations made by other customers. In the

study with a duration of almost four weeks that involved a toy and game mail order company, the display of social network endorsements such as the Facebook 'Like' thumbs-up sign and the '+1' button in Google+ resulted in a 13 percent increase in sales in the test group in comparison with a control group. "In view of the enormous revenues now being generated online, it is possible that 'Likes' and other user-generated content are responsible for triggering herd behavior-like effects that may be of more general economic relevance," said Professor Franz Rothlauf of Mainz University's Gutenberg School of Management and Economics.

More recent investigations have shown that this boost to turnover is primarily caused by Internet users' [leisure time](#) purchases. The researchers discovered that, when people were shopping online in their free time, social media recommendations made a purchase 18 percent more likely while spending increased by almost 26 percent. "Endorsements provided by other Internet users thus have an enormous influence on hedonistic shopping and impulse purchasing," explained Grahl. Information and [recommendations](#) on social media reinforce recreational and self-indulgent buying behavior. "When it comes to planned or targeted purchases, other people's opinions play hardly any role at all," said Professor Oliver Hinz of TU Darmstadt. During the day and early afternoon, i.e., during the main working hours when users have little time to browse, Facebook 'Likes' and Google's '+1' have next to no effect on purchasing intentions. The study was undertaken with the collaboration of Spiele-Offensive.de, a medium-sized online games mail order company selling board and party games.

More information: J. Grahl, F. Rothlauf, O. Hinz, The Impact of User-Generated Content on Sales: A Randomized Field Experiment, Working Paper Series, Technische Universität Darmstadt, August 2014 - [www.emarkets.tu-darmstadt.de/f ... orking-paper-series/](http://www.emarkets.tu-darmstadt.de/f...orking-paper-series/)

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