

## **“User Generated Content (UGC) – Power of e-tailing”**

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### **ABSTRACT**

User Generated Content (UGC) is said to be the power of e-tailing or e-retailing today as it can influence many of the individuals willing to purchase from online sources or from internet-based business websites like flipkart, amazon, snapdeal, myntra, jabong, etc. It is found that due to busy schedule of individuals in this competitive world, people are moving to online portals for their shopping needs which includes almost everything starting from their daily needs like groceries to luxuries like gold, silver etc. and before finalizing their purchase they would like to refer the content posted by end users of the products who have been using the product for a period of time, as this is the only best way of word of mouth and only source where people can get the feedback of the products about the quality of the product and other functions. Internet provides an open source and in reach of all the end consumers of the product(s) and can give feedback about the liking and disliking about the product. Consumers can suggest the reviewers about the good purchase and bad purchase for the product and can suggest to purchase or to avoid the purchase of a particular product. Companies for the same reason are becoming more cautious about the product quality and their services.

In this research, consumer's opinion is shared on their online purchase and investigated the impact of UGC. Researcher also designed a model of UGC affecting purchase behavior online, on the basis of information and data collected and analyzed.

**KEYWORDS:** User Generated Content, Online Shopping, E-Retailing, E-Tailing, Consumer Behavior.

### **Introduction**

Information, today, is being user-generated as consumers are increasing the use of social media day by day. Reviews, after purchase, posted by the consumers on various online shopping sites are the form of Word-of-Mouth which, are trusted by the users purchasing products online and affecting their purchase behavior. These are also trusted as involve first-hand experience about any product purchased online.

This study, in its basic form, is focused upon the use of social media. Although, there is no concrete definition of social media exists, an often-cited definition comes from Kaplan and Haenlein, they said "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content."<sup>[1]</sup> Another definition of social media is given by Kietzmann and Hermkens.

According to them, social media depend on mobile and web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content. They introduce substantial and pervasive changes to communication between organizations, communities, and individuals.<sup>[2]</sup> Moreover, for content contributors, the benefits of participating in social media have gone beyond simply social sharing to building reputation and bringing in career opportunities and monetary income, as discussed by Tang, Gu, and Whinston.<sup>[3]</sup> Further, Marsden in his study said "Social commerce is a subset of electronic commerce that uses social media, online media that supports social interaction and user contributions, to enhance the online purchase experience."<sup>[4]</sup>

All the statements, mentioned above, pointed out the user's collaboration and the application of UGC (User Generated Content).

Consumers share their experiences of purchase directly on the online store under the product review section. Moreover, there are many product review websites which give access to post and share comments related to their experiences of purchase and use of the product. Chen and Xie (2008) suggest online reviews are helpful for consumers to identify the products that best match their idiosyncratic preferences.<sup>[5]</sup> Surveys conducted by research companies provide evidence that online user reviews have become a pivotal source of product quality information to consumers (Channel Advisor 2010).<sup>[6]</sup> A large number of empirical studies have investigated the influence of online UGC on aggregate product sales in different product categories (Chevalier and Mayzlin 2006<sup>[7]</sup>; Chintagunta et al. 2010<sup>[8]</sup>; Clemons et al. 2006<sup>[9]</sup>; Gu et al. 2012<sup>[10]</sup>; Moe and Schweidel 2012<sup>[11]</sup>; Tirunillai and Tellis 2012<sup>[12]</sup>).

The technological progress over the past years has enabled large parts of the general public to access and afford new ways of interaction and communication via the internet's new intelligent web services and fast broadband connections. User-generated content (UGC) "is one of the main features of this so-called participative web"<sup>13</sup>. UGC refers to different kinds of media content created and published by amateurs who have just been at the consuming end in the past.

As there is no commonly agreed definition of UGC the Organization for Economic Co-operation and Development (OECD) has proposed three main characteristics:

1. Publication requirement - UGC has to be published in some context (e.g. on a website or on a social networking site).
2. Creative effort - A "certain amount of creative effort [has to be] put into creating the work"<sup>13</sup>. It is particularly important that "users [...] add their own value to the work"<sup>13</sup>.
3. Creation outside of professional routines and practices Typically UGC is created without the "expectation of [...] remuneration"<sup>13</sup>.

UGC appears in many forms on the internet as it is used in a broad variety of channels to grant information, views and media to other people.

### Empirical Evidence

Wikipedia as the perfect example of a UGC driven website shows an immense growth since its creation in 2001: Wikipedia is able "to collect and organize an unprecedented amount of knowledge using an open model"<sup>14</sup> as it hosts over 9.7 million articles in 256 languages.<sup>15</sup> The English Wikipedia alone has a stake of over 2.3 million articles and over 7 million registered users. Ochoas and Duvals quantitative analysis of UGC on Amazon.com<sup>16</sup> shows that 82,365 User (Sources) contributed content to 3,100,671 Items.<sup>17</sup> "The rule-of-thumb rule known as 'Participation Inequality' that suggest that 90% of the content is generated by 10% of the contributors"<sup>18</sup> doesn't fit exactly in the case of amazon.com: 10% of the Users create about 50% of the content.

### Recorded Responses:

To analyze the power of UGC, the response was collected from 384 respondents who have been purchasing the products of need from online web portals.

**Table: Demographic Profile of the Respondents.**

Demography	Type of respondents	Frequency	Percentage
Age	21-25	123	32
	25-30	131	34
	30 and above	130	34
	Total	384	100
Occupation	Govt. employed	64	17
	Private Employee	99	26
	Professional	70	18

	Self employed	76	20
	Student	75	19
	Total	384	100
Gender	Male	246	64
	Female	138	46
	Total	384	100
Education	Bachelor degree	118	31
	Post graduate	224	58
	Sr. secondary	8	2
	Ph.d	34	9
	Metric	0	0
	Total	384	100
Income	less than 5000	67	17
	5000-10000	25	7
	10000-20000	98	25
	20000 and above	194	51
	Total	384	100

### Findings

Researcher analyzed the impact of UGC on e-tailing. As all the respondents are shopping online, it is found that all the respondents refer UGC before purchase and affect their decision making.

The results are analyzed in two phases:

- Through Respondents Purchasing online.
- Through Expert Opinion.

### Phase I

#### Purchase of Products through Online Retail Stores.

Today, all of the respondents shop online for one product or the other. People shop only for a limited number of products and that too only those products are shopped which are having least chances of defect or where there is full refund or replacement guarantee or which are not too costly. In another case, they prefer to purchase after checking physical product from local street retail store in reach, organised or unorganised.

#### Frequency of Purchase.

Most of the respondents purchase monthly, one or the other product of need. Rest, purchase in more than a month of time period. In no case the frequency of purchase is not more than 3 months.

#### Type of Products Purchased through Online Retail Stores.

It is found that with availability of almost every product on online retail stores, Clothing is mostly preferred by the respondents with maximum frequency of purchase. Almost all the respondents, at one time or the other, purchase clothes of their choice through online retail stores and that too most frequently due to change of taste or fashion or availability of new designs online.

#### Consideration of User Generated Reviews (Customer Reviews) before finalizing the purchase of products.

It is observed that all refer Customer Reviews posted online about the Product Quality, Price, Packaging, Features, Color, Design, Content, Delivery, Services, and level of satisfaction of the end users who have been using the products already. It is also observed that respondents verify the information posted online by the end users through various available options or multiple online retail stores.

**Helpfulness of the Customer Reviews.**

It is found that Customer Reviews are always extremely helpful to the respondents who are willing to purchase a product through online retail stores.

**Impact of Customer Reviews on Decision Making of the Respondents.**

UGC (User Generated Content/Customer Reviews) Extremely Affect the Purchase of the new customers willing to purchase the same product. Positive reviews convert the search of product into end sale and negative reviews influence the customer to search for another alternative.

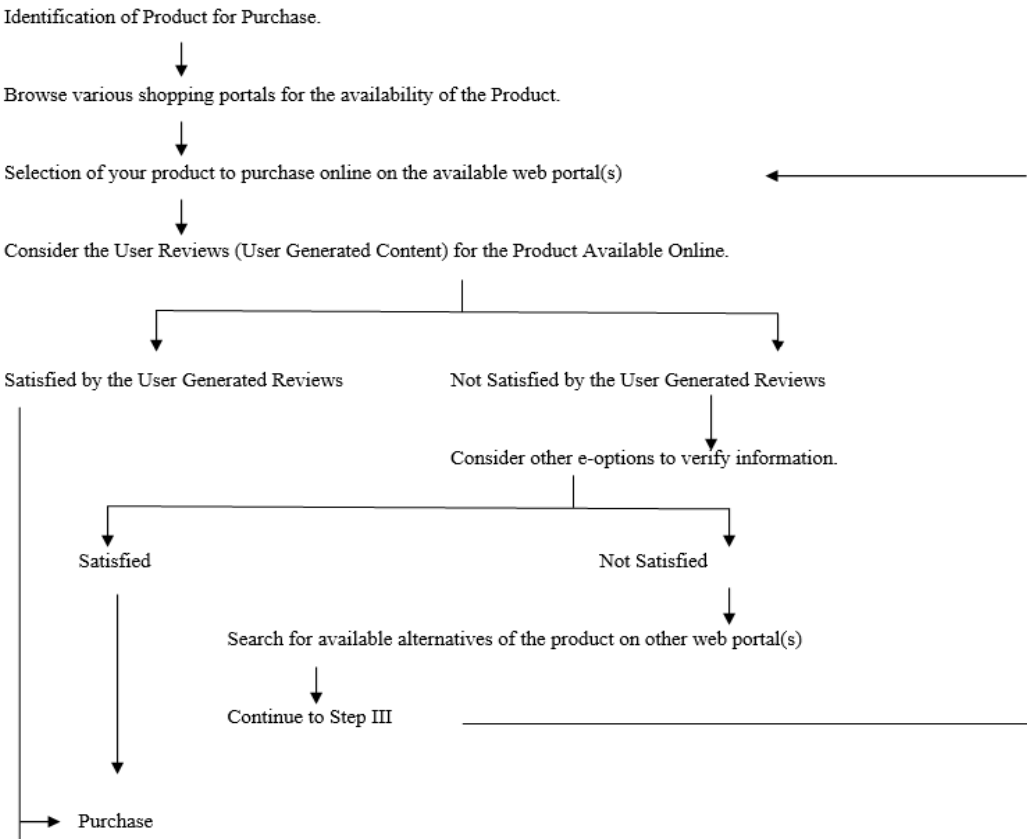
**Phase II  
Experiment I:**

A group of highly qualified expert professionals from the market and industry are asked to select a product of their choice and give their views on Customer Reviews (User Generated Content) already posted on the online retail stores as the feedback about the product quality and other features.

As per their opinion, UGC is extremely helpful in deciding about the purchase of a product and positive reviews influence people to purchase the desired product. Further, they stated that this is enforcing the companies to take care about the product features and services associated which they claim to provide to the customer.

UGC is proved to be the most powerful mode of Word of Mouth today and can change the scenario in e-tailing.

**K-Model of Behavior of Consumer's Purchasing Online**



**Source:** Kakkar S. (2024).

## Conclusion

Retailing scenario is changing at a faster pace today and the world is going online for the purchase of their daily needs and other products of luxuries. With an increase in number of consumers purchasing online, consumers are more and more cautious about their purchase and the value of money they are getting after purchase. In the past couple of years, many people reported the fraud of delivery of wrong or defective products. Keeping the same in mind, consumers are worried about the money they spend on purchase of products online and prefer to refer customer reviews on high priority before making the final purchase. This in result is giving a close competition to the companies selling their products online and pressurizing them to produce and sell products of high quality for delightful satisfaction of the consumers and for keeping them for a longer period of time with the brand.

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