
How Negative Reviews Affect Online Consumers



By Paulo Albuquerque , INSEAD, and Marton Varga , Bocconi University

Negative reviews influence consumer decisions depending on the type of product, as well as the nature and placement of these reviews.

Consumers know there are a lot of fake reviews online. They tend to give more weight to negative reviews, assuming that these are more likely to be genuine.

Considering this, and the fact that humans have a strong **negativity bias** to begin with, negative reviews clearly influence purchase decisions. However, measuring their impact can be challenging. For a start, consumers do not always read reviews immediately upon visiting a product page. They may take their time exploring options and gathering information. Moreover, other factors like product availability or stock-outs can sway decisions.

In this complex web of influences, our **study** set out to quantify the effect of negative reviews on consumer behaviour. We went beyond the fact that a negative review leads to fewer product sales and instead uncovered how consumers' purchase journey is influenced by unfavourable feedback.

What shapes the impact of negative reviews

We used a dataset from a large online retailer in the United Kingdom that offers a wide range of tech and home-and-garden products. As the dataset captures the entire buying process, it allowed us to track the steps consumers from their website arrival to potential purchase decision.

The retailer follows a policy of displaying the five most recent customer reviews on the product page. Viewing older reviews require visiting a second page – and most consumers do not do that. As newer reviews replace older ones, the composition of the five most recent reviews is constantly renewed, offering a quasi-natural experimental setting to understand how consumers make decisions when exposed to different set of reviews.

Our data showed that the impact of negative reviews (3 stars or less out of 5) went beyond discouraging immediate purchases. Consumer reactions to negative feedback are intricately tied to factors such as the review's context, the nature of the product and the review's content.

We found that once a consumer browsed the review section, a single negative review on the first page reduced the likelihood of purchase by 42 percent. However, when the negative review was on the second page, its impact diminished significantly, as only one in five consumers ventured beyond the initial product page.

In addition, a single negative review on the product page increased the likelihood of exploring alternative products by 10 percent. Consumers who encountered multiple negative reviews were even more inclined to seek alternatives.

The type of product is a key factor. Our research revealed that the product's nature – whether it is primarily functional or hedonic – affects how consumers respond to negative reviews. Functional products like microwaves, where performance is a priority, are more impacted by negative reviews. In contrast, products centred on aesthetics and personal preferences, such as home decorations, are less affected.

The content of the negative review itself also influences consumer decisions. When the review focuses on a functional aspect – which is about 20 percent of the time – consumers pay closer attention. Conversely, reviews discussing aesthetics or taste are seen as less critical by potential buyers.

Practical insights for businesses

Here are three valuable insights for business and brand managers navigating the world of online reviews and consumer behaviour:

1. Monitoring and evaluation

Businesses should actively monitor online reviews and assess their content. As a first step, managers can identify reviews that are particularly critical or damaging to their reputation. They can then determine if the negative review is justified or a result of external factors beyond their control.

2. Improving the product

If a specific type of negative review is recurrent, it may indicate areas for product improvement. This feedback is invaluable for product redesign and quality enhancement. It can also help managers address common issues that deter potential customers, such as an unresponsive post-sales customer service.

3. Promoting positive reviews

Understanding whether their products are **perceived (or framed) as functional or fun** allows businesses to manage reviews strategically. In the case of functional products, firms can benefit by highlighting positive reviews that focus on functionality.

In summary, a negative review reduces how often consumers purchase a product, shortens their time spent on reading reviews about the product, and makes them seek more information about competitors. The impact on purchase is a larger issue for functional products that receive negative feedback about their features and performance. In contrast, when the product or review emphasises aesthetics or hedonic qualities, this issue is much less significant.

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<https://knowledge.insead.edu/marketing/how-negative-reviews-affect-online-consumers>

About the author(s)

Paulo Albuquerque is a Professor of Marketing at INSEAD.

Marton Varga is an Assistant Professor of Marketing at Bocconi University.

About the research

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