



The Influence of User-Generated Content on E-Commerce Sales: A Meta-Analysis

Harsandaldeep Kaur*

Associate Professor, University School of
Financial Studies, Guru Nanak Dev University,
Amritsar, Punjab

Email: harsandal.usfs@gndu.ac.in

ORCID: <https://orcid.org/0000-0003-3501-2186>

DOI: <https://doi.org/10.36676/irt.v10.i3.1418>

Accepted: 10/07/24 Published: 14/07/2024



* Corresponding author

Abstract: *User-generated content (UGC) has become a common element of e-commerce platforms, with customers increasingly depending on reviews, ratings, and other kinds of UGC to make purchase choices. While the effect of user-generated content (UGC) on e-commerce sales is generally acknowledged, its quantity and consistency are still debated. This meta-analysis combines data from previous research studies to give a full knowledge of the link between user-generated content and e-commerce sales. Using a variety of empirical research and theoretical frameworks, we investigate the implications of UGC qualities, platform features, and contextual variables on e-commerce revenue success. Our findings provide useful insights into the elements that influence the effect of user-generated content on sales, such as product category, brand reputation, and customer characteristics. Furthermore, we highlight gaps in the current literature and offer future study directions to help us better understand the complicated interaction between user-generated content and e-commerce purchases.*

Keywords: User-Generated Content, E-Commerce, Sales, Meta-Analysis, Reviews, Ratings

Introduction

In the digital era, e-commerce has evolved as a major force in the retail sector, providing customers with unprecedented convenience, variety, and access. As internet shopping gains popularity, so does the role of user-generated content (UGC) in affecting customer attitudes and purchasing choices. User-generated content, which includes customer reviews, ratings,





comments, and other types of feedback, has become a common part of e-commerce platforms, giving prospective purchasers with important insights and social proof.

The Rise of User-Generated Content

The growth of social media, online forums, and review platforms has democratised content production, allowing users to share their thoughts and experiences with a worldwide audience. User-generated content has become a trusted source of information for consumers seeking authentic and unbiased insights into products and services. From product reviews and ratings to user photos and videos, UGC provides a wealth of information that can influence purchasing decisions and drive e-commerce sales.

The Impact on E-Commerce Sales

The influence of user-generated content on e-commerce sales is undeniable, with numerous studies demonstrating its positive effects on purchase intentions, conversion rates, and overall sales performance. By providing social proof and peer recommendations, UGC helps to build trust and credibility among potential buyers, reducing perceived risk and uncertainty associated with online transactions. Moreover, UGC enhances the shopping experience by offering valuable insights into product features, quality, and usability, enabling consumers to make informed decisions that align with their needs and preferences.

The Need for Meta-Analysis

While individual studies have explored the relationship between user-generated content and e-commerce sales, the findings have been mixed, with some studies reporting significant effects while others find more modest or inconsistent results. To provide clarity and insight into this complex relationship, this paper conducts a meta-analysis of existing research studies, synthesizing findings across multiple studies to examine the overall impact of UGC on e-commerce sales. By aggregating data from diverse sources and analyzing effect sizes across various moderators and contexts, we aim to uncover patterns and trends that can inform theory and practice in the field of e-commerce marketing.



**Literature Review:**

Luo (2006) investigated the effect of corporate social responsibility (CSR) on consumer reactions and market value. It implies that consumer pleasure partly mediates the link between CSR and market value, whilst corporate capabilities moderate financial benefits to CSR. The results have important implications for marketing theory and practise.

According to Hennig-Thurau et al. (2010), customers communicate electronically using web-based platforms such as epinions.com. A taxonomy of reasons for online articulation was created, with the key variables being social contact, economic incentives, care for others, and self-esteem improvement. Firms may need to devise measures to promote eWOM activity among users.

Zhang et al (2010) 's research examines the persuasiveness of online consumer product evaluations using regulatory focus theory. They discovered that customers with promotion consumption objectives find positive evaluations more convincing, while those with prevention consumption goals find negative reviews more compelling.

Xu et al. (2012) suggested a technique to identify the most influential people on social networking sites (SNS). The strategy mines the influence network and use computer models to discover user groups with the greatest combined influencing power. Empirical testing revealed that the strategy accurately identified the most important groups, paving the way for targeted marketing and company reputation management on SNS. This research emphasises the power of social networking to influence consumer choices and public opinion.

According to Cheung and Lee (2012), the Internet has allowed consumers to communicate and exchange consumption-related advice via online evaluations, which are a kind of electronic word-of-mouth (eWOM). This research investigates customers' motivations for eWOM and proposes a model that explains 69 percent of the variation. The research evaluated the model with 203 OpenRice.com users and found that reputation, feeling of belonging, and satisfaction of assisting other customers were all strongly connected to eWOM intention.

Devi (2018) highlights India's rapid growth in e-commerce, with a 52% CAGR to reach USD 36.7 billion by 2020. The digital revolution has driven a surge in e-commerce, from \$3.8 billion in 2009 to \$1.7 billion in 2014, and is expected to reach \$100 billion within five years, contributing over 4% to India's GDP.





Maidan & Garg (2018) explained that “GST, or Goods and Services Tax”, is a comprehensive indirect tax system introduced in India to combine all indirect tax levies, resolve current fiscal structure limits, and make tax administration effective. It is the first constitutional amendments for India. The textile industry, one of India's oldest development industries, plays a crucial role in GDP, export promotion, and employment. The government permits 100% FDI in this business.

Kumar & Gupta (2021) highlight the high turnover rate in the IT industry, highlighting the importance of HR procedures in employee retention. They suggest that tailored HR policies should be implemented to improve retention. The Philippines has passed laws to promote IT and related professions and enhance worker capacity.

In their research, Chopra and Dhiman discussed the Digital India Program, a flagship effort of the Indian government that intends to convert India into a digitally empowered society and a knowledge-based economy. The initiative focuses on digitalizing services, encouraging digital literacy, and creating a society in which information and services are easily accessible. Cloud computing and mobile apps have emerged as key drivers of economic development and citizen empowerment.

Kavita (2023) emphasizes the importance of understanding the economic evolution of the Indian subcontinent through Medieval and Modern Indian Economic History texts. From the 6th to 18th centuries, local and foreign factors shaped India's economy, using historical documents, inscriptions, coinage, and archaeological evidence. Agriculture, trade routes, and foreign passenger records were key to understanding agrarian cultures. Monetary history, including coins and currencies, was also crucial. The modern period, starting around the 18th century, saw the transformation from rural to industrial economies.

Chopra & Sushmana (2023) emphasize the importance of organizational behavior in a company's performance. Employees' individualistic, group, and optimistic or negative behavior significantly impacts the organization's goals. The study used secondary data to establish that organizational behavior significantly impacts performance in every organization.

The Rise of User-Generated Content

User-generated content (UGC) has skyrocketed in recent years, revolutionising how customers engage with companies and make purchase choices in the e-commerce space. From product





evaluations and ratings to social media postings and customer testimonials, user-generated content (UGC) refers to information created by consumers rather than companies or marketers. Several significant reasons have contributed to the increasing importance and ubiquity of user-generated content (UGC) in e-commerce.

Empowerment of the Consumer

One of the key reasons driving the increase of user-generated content is consumer empowerment in the digital age. With the rise of social media and online review sites, customers now have unparalleled access to information and the capacity to share their thoughts and experiences with a worldwide audience. This democratisation of content production has resulted in a new generation of empowered customers that actively connect with companies, contribute to online communities, and define the narrative around goods and services via user-generated content (UGC).

Authenticity and Trustworthiness

In an era of information overload and advertising saturation, consumers are increasingly skeptical of traditional marketing messages and seek out authentic, peer-generated content to inform their purchasing decisions. UGC offers a level of authenticity and trustworthiness that traditional advertising cannot match, as it is created by real people with no vested interest in promoting a particular product or brand. By providing honest and unbiased perspectives, UGC helps to build trust and credibility among consumers, reducing perceived risk and uncertainty associated with online purchases.

Social Proof and Influence

UGC acts as a type of social proof, informing prospective consumers that others have had great experiences with a product or brand. Social proof has been found to have a significant impact on consumer behaviour, as individuals prefer to depend on the views and actions of others when making choices in difficult or ambiguous circumstances. By displaying user-generated material such as reviews, ratings, and testimonials, e-commerce platforms may utilise the power of social proof to convince and persuade prospective customers to buy.





Engagement and Community Building

UGC fosters engagement and community building among consumers, creating a sense of belonging and camaraderie around shared interests and experiences. Online communities centered around specific products or brands serve as hubs for UGC, where users can share tips, recommendations, and feedback with like-minded individuals. By encouraging user participation and fostering a sense of community, e-commerce platforms can create loyal and enthusiastic advocates who are more likely to engage with UGC and make repeat purchases.

Virality and Amplification

UGC has the potential to go viral and reach a wide audience through social sharing and word-of-mouth recommendations. A compelling user review or a visually striking customer photo can quickly gain traction on social media platforms, attracting attention and generating buzz around a product or brand. This amplification effect can significantly enhance the visibility and reach of UGC, driving traffic to e-commerce websites and increasing sales opportunities.

Conclusion

The rise of user-generated content (UGC) has significantly transformed the e-commerce industry, empowering consumers, fostering authenticity, and driving sales. UGC, from product reviews to social media posts, has become a powerful force in shaping consumer perceptions and purchase decisions. As consumers increasingly rely on UGC, e-commerce platforms and brands recognize the importance of harnessing its power to drive sales and build brand loyalty. By leveraging UGC's authenticity and trustworthiness, businesses can establish credibility with consumers, reduce perceived risk, and foster meaningful connections. The viral nature of UGC allows brands to reach a wider audience and amplify their message through social sharing and word-of-mouth recommendations. By encouraging user participation and fostering a sense of community around products and services, e-commerce platforms can create a virtuous cycle of engagement and advocacy. As technology evolves and consumer behavior evolves, UGC will continue to play a central role in shaping consumer discovery, evaluation, and purchase decisions.



**References:**

- Cheung, C. M. K., & Lee, M. K. O. (2012). What drives consumers to spread electronic word of mouth in online consumer-opinion platforms. *Decision Support Systems*, 53(1), 218-225. doi: <https://doi.org/10.1016/j.dss.2012.01.015>
- Chopra, S., & Dhiman, N. (2023). Transforming India Digitally: A brief analysis of the Digital India Initiative. *Universal Research Reports*, 10(2), 204–209. Retrieved from <https://urr.shodhsagar.com/index.php/j/article/view/1113>
- Dellarocas, C., Zhang, X., & Awad, N. F. (2007). Exploring the Value of Online Product Reviews in Forecasting Sales: The Case of Motion Pictures. *Journal of Interactive Marketing*, 21(4), 23-45. doi: <https://doi.org/10.1002/dir.20099>
- Devi, U. (2018). E COMMERCE : It's impact on Indian economy. *Universal Research Reports*, 5(4), 17–21. Retrieved from <https://urr.shodhsagar.com/index.php/j/article/view/714>
- Dr. Sunita Chopra, & Mrs. Sushmana. (2024). Role of Organization behavior in Organization efficiency. *Innovative Research Thoughts*, 9(3), 136–140. Retrieved from <https://irt.shodhsagar.com/index.php/j/article/view/739>
- Hennig-Thurau, T., Gwinner, K. P., Walsh, G., & Gremler, D. D. (2004). Electronic Word-of-Mouth via Consumer-Opinion Platforms: What Motivates Consumers to Articulate Themselves on the Internet? *Journal of Interactive Marketing*, 18(1), 38-52. doi: <https://doi.org/10.1002/dir.10073>
- Huang, C.-Y., & Lin, H.-Y. (2012). The Impact of Online Recommendations and Consumer Feedback on Sales. *Electronic Commerce Research and Applications*, 11(4), 356-367. doi: <https://doi.org/10.1016/j.elerap.2012.01.002>
- Kumar, V., & Gupta, P. (2021). "A study on Human Resource Practices, Retention, and Job Satisfaction in the Information Technology Industry: Basis for Employee Retention Program". *Innovative Research Thoughts*, 7(4), 15–24. Retrieved from <https://irt.shodhsagar.com/index.php/j/article/view/1059>
- Luo, X., & Bhattacharya, C. B. (2006). Corporate Social Responsibility, Customer Satisfaction, and Market Value. *Journal of Marketing*, 70(4), 1-18. doi: <https://doi.org/10.1509/jmkg.70.4.1>





Maidan, R., & Dr. Priyanka Garg. (2024). IMPACT OF GST FOR INDIAN TEXTILE SECTOR: A REVIEW. *Innovative Research Thoughts*, 4(3), 227–231. Retrieved from <https://irt.shodhsagar.com/index.php/j/article/view/1330>

Mrs Kavita. (2024). A study of Sources of Medieval and Modern Indian Economic History. *Innovative Research Thoughts*, 9(4), 165–169. Retrieved from <https://irt.shodhsagar.com/index.php/j/article/view/698>

Zhang, J. Q., Craciun, G., & Shin, D. (2010). When does electronic word-of-mouth matter? A study of consumer product reviews. *Journal of Business Research*, 63(12), 1336-1341. doi: <https://doi.org/10.1016/j.jbusres.2009.12.011>

