

BELIEF AND SEEMING RISK IN ONLINE SHOPPING - A PRAGMATIC STUDY

Dr.N.S.LISSY

Assistant Professor

Department of B Voc (Banking, Stock and Insurance)

PSG College of Arts and Science

ABSTRACT

This study aims to elucidate the theoretical linkages and provides definitions and classification of basic concepts used in the study. The study starts with explanation of basic terms that relate to the study like Online marketing, Trust, Perceived risk and Consumer Behaviour and ends with providing basic definitions and classifications of the subject under study that is types of perceived risk in online shopping. Online marketing is also referred as i-marketing, web marketing, internet marketing or e-marketing. E-Commerce (electronic commerce) is type of online marketing and is defined as “the art and science of selling products and or services over the Internet” Online shopping is the process consumers go through to purchase products or services over the Internet. Finally, an attempt has been made to identify scope for further research.

Keywords: Online shopping, Certainty, Perceiveness

Introduction

Online Marketing is defined as “the art and science of selling products and/or services over digital networks, such as Internet and cellular phone networks” Here the art of online marketing refers to discovering the right online marketing mix of strategies which attracts the target market for actually converting into sales. Here the science of online marketing refers to selecting the online marketing strategies to be applied and evaluating the success of those online marketing strategies through research and analysis.

Perceived Risk

Perceived risk is the nature and amount of uncertainty perceived by consumers in completing particular purchase decision. Two elements, uncertainty and consequences may play a significant role in perceived risk. Difficulty of identifying buying goals and matching these goals with product or brand offerings leads to uncertainty. Consequence is associated with performance and psychological goals. In online context, perceived risk is defined as “the expectation of any loss or any negative consequences as a result of online shopping”

Problem Identification

This study is designed to provide suggestions to online marketers and e-vendors regarding barriers to online shopping. There are several questions that need to be answered so that internet users do online shopping without any risk fear or lack of trust. Moreover demographic characteristics like income and education are also anticipated to influence online purchase decision. This study was undertaken to provide solution to the above mentioned problems.

Objectives of the Study

- To explore whether and how trust affects perceived risk in the online shopping context and vice versa.
- To determine the different perceived risks involved in online shopping in Indian context
- To understand elements of each perceived risk in online shopping

Hypothesis of the study

- There is no relationship between Income level of people and trust in online shopping
- Trust in online shopping is independent of Education level of customers.

Research Design

A research design is a framework or blueprint for conducting the scientific inquiry. It details the procedures necessary for obtaining the information needed to structured or solve marketing research problem. The purpose of the research design is to provide the plan for answering the research question or testing the hypothesis. In other words, a basic aspect of research design is to set up the research so as to allow logical inferences to be drawn. Research design may be broadly classified as exploratory or conclusive.

Scope of the Study

The study was confined to Coimbatore district of Tamil Nadu which has 10 taluks namely Annur, Coimbatore North, Coimbatore South, Kinathukadavu, Mettupalayam, Pollachi, Sulur, Madukkarai, Perur and Valparai. Since they are geographically distant, they are also socio-economic differences. A pilot study was conducted in ten taluks for the formulation of questionnaire for item construction for the scale to measure risk and trust. Data through survey was collected for this study from around Coimbatore during the study period.

Data Analysis and Interpretation

The data received through the questionnaire were tabulated and analyzed with the help of different statistical tools. Interpretations were made to get the meaningful inferences.

Demographic Characteristics of the respondents

Gender and Monthly Income					
		Monthly Income			Total
		Less than 40,000	40,000 – 60,000	60,000 – 80,000	
Gender	Male	26	127	251	404
	Female	9	73	141	223
Total		35	200	392	627

Source: Primary Data

Gender and Marital Status						
		Marital Status				Total
		Married	Single	Male	Female	
Gender	Male	322	37	16	29	404
	Female	186	17	7	13	223
Total		508	54	23	42	627

Source:Primary Data

Gender and Family Type				
		Family Type		Total
		Nuclear	Joint	
Gender	Male	236	168	404
	Female	124	99	223
Total		360	267	627

Source:Primary Data

Occupation and Monthly Income					
		Monthly Income			Total
		Less than 40,000	40,000 – 60,000	60,000 – 80,000	
Occupation	Service	27	145	297	469
	Self employed	3	33	59	95
	Student	2	6	13	21
	Others	3	16	23	42
	Total	35	200	392	627

Occupation and Martial Status						
		Martial Status				Total
		Married	Single	3	4	
Occupation	Service	384	39	17	29	469
	Self employed	75	9	3	8	95
	Student	15	1	1	4	21
	Others	34	5	2	1	42
	Total	508	54	23	42	627

Source:Primary Data

Occupation and Family Type				
		Family Type		Total
		Nuclear	Joint	
Occupation	Service	138	331	469
	Self employed	31	64	95
	Student	7	14	21
	Others	10	32	42
	Total	186	441	627

Source:Primary Data

- It is apparent from above that out of the 627 respondents; the percentage of male respondent is 69.1% whereas the percentage of female respondents is 30.9%.
- As expected, the largest proportions of respondents (7.4%) are between 15-29 years of age, as this is the general age range for higher education. 14.4% of the respondents are between 30-39 years of age followed by 4.3% in age group of 40-49 and remaining 1.9% above 50 years of age.
- Out of 627 respondents, most of the respondents are pursuing their studies (student 60.6%) followed by 33.2% in service and remaining 5.3% self employed and 1% in other category comprising of homemaker and retired. As seen from above table that

more than half of the respondents (68.3%) have post graduate degree followed by 27.6% of the respondents having UG degree and remaining 4.1% having HSC or below degree. From this result, it can be inferred that higher education does lead to internet usage.

- It shows that male respondents outnumbered female respondents. There are various reasons for this outnumbering like total number of female internet users in India, working women in India and women being unable to adopt non conventional methods of shopping. According to India Broadband Forum, 85% of Internet users in India are male and only 11% Of working women use internet.

Reasons or preferences for Buying Online

Mean is measure of central tendency which yields information about the centre or middle part of a group of numbers. The standard deviation is a popular measure of variability which describe the spread or the dispersion of a set of data. Data was collected from 1-5 Likert scale with 1 as strongly agree to 5 as strongly disagree.

Mean scores of reasons for purchasing online

Reasons	Mean	Standard Deviation
Convenience	4.16	.806
Time saving	4.29	.785
Inclination towards trying something new	3.58	.985
Ease of finding products	3.89	.899
Ease of comparison	3.88	.984
Can find product that are not available in the stores	3.79	1.028
No need to deal with sales people	3.60	1.058
Product customization	3.68	.969
Offers/Discounted prices	3.70	.993

Source:Primary Data

Anova

Anova of reasons scores of purchasing online age group wise

Reasons		Sum of Squares	Dr	Mean Square	F (cal)	Sig.
Convenience	Between Groups	8.991	3	2.997	4.761	.003
	Within Groups	221.557	352	.629		
	Total	230.548	355			
Time saving	Between Groups	2.597	3	.866	1.409	.240
	Within Groups	216.243	352	.614		
	Total	218.840	355			
Inclination towards trying something new	Between Groups	1.109	3	.370	.379	.768
	Within Groups	342.666	351	.976		

	Total	343.775	354			
Ease of finding products	Between Groups	1.747	3	.582	.719	.541
	Within Groups	285.005	352	.810		
	Total	286.753	355			
Ease of comparison	Between Groups	2.047	3	.682	.703	.551
	Within Groups	340.668	351	.971		
	Total	342.715	354			
Can find product that are not available in the stores	Between Groups	9.898	3	3.299	3.182	.024
	Within Groups	364.942	352	1.037		
	Total	374.840	355			
No need to deal with sales people	Between Groups	10.682	3	3.561	3.240	.022
	Within Groups	385.673	351	1.099		
	Total	396.355	354			
Product customization	Between Groups	3.257	3	1.086	1.157	.326
	Within Groups	330.369	352	.939		
	Total	333.626	355			
Offers/Discounted prices	Between Groups	3.664	3	1.221	1.241	.295
	Within Groups	345.452	351	.984		
	Total	349.115	354			

Source:Primary Data

As seen from above table, the corresponding value is given as .003 which is less than .05. Therefore, we can safely reject the null hypothesis and conclude that there is a significant difference in the perception of online buyers of different age groups regarding convenience. Here the rejection of the null hypothesis in ANOVA only tells us that all population means are not equal.

Barriers among Buyers and Non-Buyers

Exploratory factor analyses were performed to reduce the number of variables and gain insight into the underlying dimensions of the various barriers. The purpose of the factor analyses was to summarize the information contained within the various variables into a smaller set of new factors with a minimal loss of information. To improve the interpretation of the results, a principle components factor analysis, with an orthogonal (varimax) rotation was conducted to obtain a simplified factor matrix.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.973
Bartlett's Test of Sphericity Approx. Chi-Square	Approx. Chi-Square	11267.968
	D	465

	Sig.	.000
--	------	------

Here the KMO ranges from 0-1, with higher values .973 indicating greater suitability. Ideally we want this value to be greater than 0.7. We also want Bartlett's statistic to be significant. In this case, the KMO is greater than 0.7 at .973 and Bartlett's is significant and therefore it seems that factor analysis is suitable for this data.

Total Variance Explained

Components	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	14.341	46.261	42.261	6.540	21.098	21.098
2	2.063	6.655	52.916	4.448	14.348	35.446
3	.948	3.060	55.975	4.039	13.028	48.475
4	.868	2.799	58.775	2.347	7.573	56.047
5	.838	2.703	61.477	1.683	5.430	61.477

Extraction Method: Principal Component Analysis

The initial number of factors is the same as the number of variables used in the factor analysis. However not, all the 31 factors will be retained. In this case, only the first five factors will be retained.

Here the total column contains the eigenvalues. The first factors will always account for the most variance (and hence have the highest eigenvalue) and the next factor will account for as much for as much of the left over variance as it can, and so on. Hence, each successive factor will account for less and less variance. Here the % of variance column contains the percent of total variance accounted for by each factor. The cumulative % column contains the cumulative percentage of variance accounted for by the current and all preceding factors.

Findings

The major findings of the study are outlined in the following sections. This study has examined the link between demographic profile and online shopping and found that demographic profile of a shopper determines his/her attitudes towards online shopping.

Through this study, it is found that male respondents outnumbered female respondents. Report from India Broadband Forum states similar results. They found that 85% of Internet users in India were male and only 11% of working women used Internet. Consumer behavior research also indicates that women truly enjoy the shopping experience by going physically to malls compared to their male counter parts and they do not want to depart with the conventional shopping experience. They view shopping as more of a social activity than men do. In the other words, it can be inferred that this study supports the belief that male shoppers tend to be convenience shoppers due to high commitment to work and female shoppers tend to be recreational shoppers and prefer to do their shopping in the conventional way. This finding is consistent with the study done by several authors that male consumers tend to shop online more compared to women consumers.

Through this study, it is found that most of the online buyers had postgraduate degree. Since education is often correlated with the level of Internet literacy, better educated internet users are still the principal composition of online purchasers.

Suggestions

The fact that men are the predominant online shoppers gives marketer an option for segmenting the online market based on gender. It is found through this study that internet users in Coimbatore are predominately male, young and educated. Thus a need arises to promote among those in 45 years and above age group use of internet for online shopping. This can be achieved in various ways like catering to the mature population, providing discounts and offering training on the use of internet for online shopping. Building online trust is an essential component for vendors to succeed in an E-commerce environment – where transactions are more impersonal and anonymous as this affects consumer's purchase intentions. If customers do not trust online provides sufficiently, the result may be that they do not enter into transactions because they fear the risks involved. Moreover, in E-commerce, shoppers cannot directly experience goods and they make purchase decisions based on the information provided by online retailers as well as from their perceptions of websites.

Conclusion

Adopters of online shopping are predominately male, young, single and educated. Internet usage pattern in terms of average time spent, place of accessing internet main tasks accomplished and types of sites visited using internet between both buyers and non-buyers were almost same. The major source used for gathering information by both buyers and non-buyers are search engines. Majority of online buyers purchase occasionally only.

Majority of online buyers spend amount less than R.5,000 as the highest amount in one transaction. Around 46.3% of online buyers preferred using credit card for payment of bills. The major reason for purchasing products or services online is found to be convenience and non-availability of products. Not surprisingly, the most popular purchases include low value items such as books, tickets, software and music. Majority respondents normally adopt credit card for the payment. The major criteria for choosing product online are ease of product return and money refund. It is found that majority of the online buyers are occasional online buyers who purchase online once in 2-5months.

References

1. Adsara, H. (2005) "New consumer mantra: Have money, will indulge in lifestyle spends"
2. Amoako-Gyampah, K., and Salam. A.F. (2004), "An Extension of the Technology acceptance model in an ERP implementation Environment", *Information and Management*, V.41 No.6, Pg.731-745.
3. Ajzen, I., and Fishbein, M. (1980), *Understanding Attitude and Predicting Social Behaviour*, Englewood Cliffs, NJ: Prentice-Hall, Inc
4. Indiantelevision.com