

A STUDY ON UNDERSTANDING RISK PERCEPTION OF ONLINE CUSTOMERS' SHOPPING

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Abstract

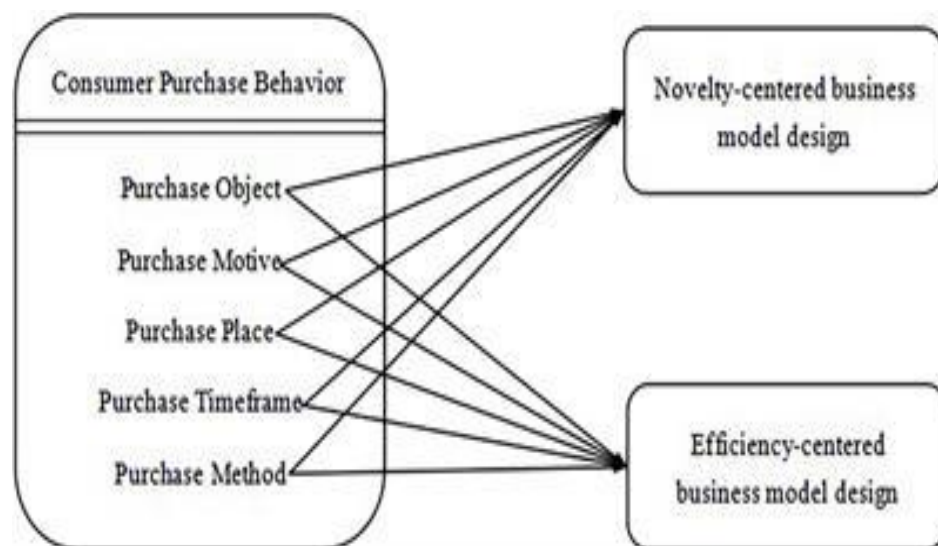
E-commerce, which include internet purchasing, is the most used term. The term "online shopping" refers to the practice of buying goods or services over the Internet. In certain cases, the customer doesn't even have to leave their house to receive what they need. Online shopping's popularity has skyrocketed in recent years because to rising internet use and improved technology. The share of the population having internet access is directly correlated to the growth of online retail sales. Customers' habits for purchasing goods and services have shifted since the advent of the Internet. Consumers utilize the web for a variety of purposes, including but not limited to e-shopping. Online shopping, is a type of electronic commerce that involves the purchase of goods or services via a web browser between a buyer and a vendor. Online shopping is popular since it allows customers to find exactly what they're looking for without having to travel somewhere and waste time. And the best part is that one need not leave their house to do so; products can be delivered directly to their door. The Objectives of the study are to outline the proposed model of consumer purchasing behavior and to determine the influence that the perception of the customers has on their intention to shop. The kind of the study that is being proposed is descriptive. Customers who shop online make up the target demographic. After determining which variables would be considered dependent and which would be considered

independent for the study, a questionnaire was developed for the respondents. The total number of samples is 300. The customers buying products in online market have been purposively selected for the study. The information from the respondents were collected through the Google forms

Keywords: *Perception, Customers, Online Shopping and Drivers of E-commerce*

Introduction

The explosive growth of online shopping has far-reaching consequences for modern business. E-commerce has only scratched the surface of its potential, and the factors that will ultimately push more and more consumers to make purchases through this medium remain mostly unknown. It is crucial to significantly enhance our understanding of customers' e-shopping behaviour in order to assess and forecast those enormous effects of ecommerce. The term "e-commerce" was used by business consultant and author Davis to describe the process of doing business activities online.*Kanwal, (2012)*. The rise of competition in the business world has made internet marketing essential for extending a company's customer base. Several research have looked into online shopper habits using various hypotheses.*Ramin, Darush, Mohammad. (2011)*, “ The study investigated the ways in which customers' perceptions of the advantages of online shopping—namely, more ease, lower prices, and a larger variety of products to choose from—impact their overall levels of pleasure.



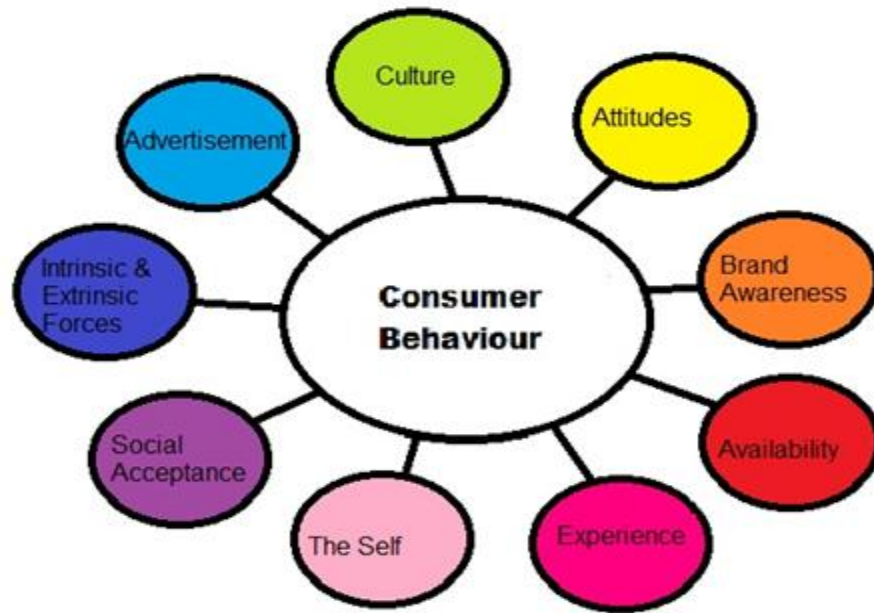
Theoretical Background

In the decades after World War II, as e-commerce grew in popularity, many businesses shifted their focus to online marketing and sales. What we call "e-commerce" is really just doing business directly with one another through the Internet, without the need of any middlemen. In this setting, buyers and sellers may meet and do business. *Jai Burns and King (2013)*. With the advancement of technology in the field of telecommunications, online shopping has gained in popularity. In order to remain competitive in the face of fierce market competition, businesses of all sizes in India and throughout the world have turned to online channels for product and service promotion. In addition to promoting and selling goods and services, businesses also use the Internet to do market research, solicit customer feedback, and gauge customer happiness. A prospective buyer may get information about a product's cost, specs, and after-sale service at one area on the web. One of the greatest advantages of the Internet for businesses is the increased possibility of direct interaction with current and potential customers. Electronic data interchange, inventory management software, electronic payment transfers, and mobile commerce are all essential to the smooth operation of the electronic commerce market. Electronic data exchange (EDI) between enterprises, retail sales and marketing to clients, product and service launches, and more may all utilize different forms of infrastructure. *Sayed, Farzana, Ahsanul (2011)*. The rise of the internet and the shifting tastes of its users are fueling the development of e-commerce. The bigger selection of discounts available online has made internet shopping the norm these days. Not only that, but it's a fantastic method for staying away from the crowds throughout the workweek. Popular Indian internet retailers include Flipkart, Amazon.com, Snap deal, Myntra, e-Bay, etc. *Isaac & Gabriel (2007)*, The advantages of online shopping in the perceptiveness of consumers depend on a number of factors, including the availability of relevant information, the ease of use, the satisfaction of customers, the safety of transactions, and the efficacy of accessible data in evaluating products and services.

Consumers' perception on online shopping

Ads, billboards, storefront displays, and special offers bombard the typical customer on a daily basis. Unfortunately, only a minority of these actually cause responses. The term "perception" describes the mental processes that occur in the mind of a single consumer as they sort through, evaluate, and make meaning of all incoming inputs. Therefore, perception acts as a

filter that allows only selected cues to proceed through the thinking process, ushering in a new phase of learning about the significance of certain stimuli or even whether they should be noticed consciously at all. "Perception" (nominative perception) in Latin means "the act of receiving, gathering, and taking possession" or "apprehension with the mind or senses." *Seyed, Farzana, Ahsanul (2011)*, It is widely agreed upon in the fields of philosophy, psychology, and the cognitive sciences that perception is "the process of obtaining consciousness or interpreting the information attends via our sensory organs." Biologists often imply "the process of establishing an internal representation of the environment" when they refer to the "mental interpretation of physical sensations induced by inputs from the outside world." Perception is "the process through which humans synthesize different sensory inputs into a unified reality." Human behaviour is governed by what we perceive to be "the reality," yet this perception is inherently flawed since it is based on imperfect and unreliable data. Previous research on the topic of customer satisfaction has reached the conclusion that the idea changes greatly from one circumstance to the next. In spite of frequent purchases, customers' assessments of satisfaction may shift depending on the circumstances. *Kanwal, (2012)*. This research is important because it establishes a correlation between online customer satisfaction and shoppers' perceptions of their experiences in India, and the resulting model may be used as a benchmark for other countries' e-commerce markets. Online retailers' ability to attract and retain customers depends on their ability to tailor their offerings to the preferences of their target demographic.



A Proposed Model of Consumer Purchasing Behavior:

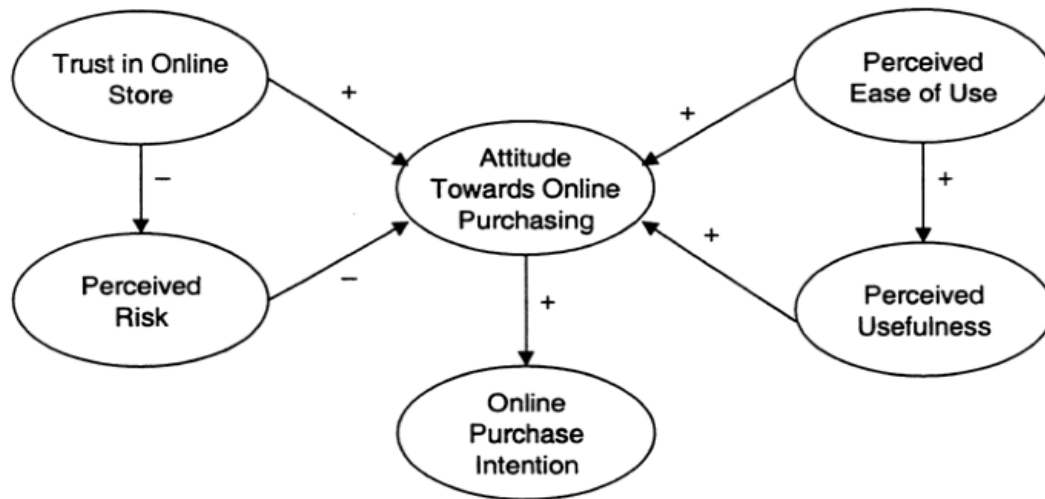
Customer attitudes about internet shopping were investigated using a causal model by *Ramin et al. (2011)*. Those who felt comfortable, could depend on receiving good customer service, paid fair rates, and could afford the products they were acquiring made more online purchases of computer-related goods and services, as shown by the research. The buying decisions of the respondents were not significantly impacted by factors like product customization and cost. The fear of putting personal information at risk while shopping online is a key concern for many customers. The study's goal is to gain insight into the factors that influence customers' attitudes about and use of internet shopping. According to the data collected from the students, the most significant factors were "convenience," "worry over security," and "poor navigation." In order to illustrate how these three "perception"-related factors might have an impact on consumers' decisions, a model was created. Analysis of the impact of review scores on consumers' final decisions was conducted by (*Syedetal.(2011)*). In particular, they analyze the comments made on online shops to see whether there are any differences in how males and females respond to them. The statistics show that women are more likely to be influenced by online reviews before making a purchase. The author discovered that the negativity effect—the idea that consumers are more likely to change their thoughts after reading a negative review than a positive one—applies more strongly to women. The findings have practical implications for

online merchants since they point them in the direction of optimizing their use of customer reviews to entice and keep female customers. *Kim and Lennon (2010)* examined the impact of photo zooming in conjunction with other parts of product presentation, such as presenting a model and letting viewers pick the clothing's color. According to the study's author, new features on e-commerce sites include sharing buttons that allow customers to upload images of themselves wearing a product to various social networking platforms, as well as message boards and fan pages where customers may debate a specific brand. *Jai Burns & King (2013)*. The written and oral descriptions of a product have an impact on consumers' decisions. It seems, however, that buyers are more affected by verbal information while making purchases. In this day and age of internet technology, Wi-Fi services, and smart-phone gadgets, the use of online marketing tools is quite efficient in terms of reaching out to the target audience. *Seyed, Farzana, Ahsanul (2011)*, This is because online promotion tools are regarded to be effective, informative, and reputable. By utilizing internet promotions, which have the potential to engage the audience in more impromptu behaviour, the audience can be motivated to participate. Businesses should make use of this feature of the internet by employing the use of photographs and pictures in a variety of colours that showcase the full product because it is possible to appreciate the elegance of technology through the use of visuals and information. *Isaac & Gabriel (2007)*. This is because the elegance of technology can be appreciated through the use of visuals and information. The provision of an in-depth analysis of both the product and the service on offer may be made significantly easier via the utilization of online marketing. Because virtually any and all kinds of products and services have the potential to be marketed and sold via the internet, it is the obligation of businesses to ensure that they sell their products and services on the internet in a manner that is efficient. This obligation can be satisfied by ensuring that they sell their products and services in an effective manner. This will fulfill their responsibilities.

Online Customer Satisfaction and Word of Mouth:

Customer happiness is dependent on the services provided by the marketers during purchases, which affects each consumer's decision to spread the word. The customer's level of satisfaction is based on how their expectations were met during the course of the purchase. Numerous studies have discovered that a significant predictor of customer happiness in the context of online purchasing is the quality of web retailing sites. Consequences like word-of-

mouth would be used to determine the existence of online customer satisfaction. According to earlier research, if customers are happy, there would be favourable word of mouth. Word of mouth and client satisfaction are positively correlated. Customers who are dissatisfied spread bad rumors to a large community, especially in the service sector where employees are more inclined to talk among themselves and make purchasing decisions. *Jai Burns, & King, (2013)*. Through this research, the researchers determined the degree of satisfaction based on its results, namely word-of-mouth. Because it does not require any preparation to look for and buy items, it is not a form of consumerism and cannot be considered a kind of consumerism. It is a route that leads to the attainment of knowledge as well as an associate degree. People, regardless of whether they come from higher or lower economic zones, should be encouraged to choose for and pick the products that they want, rather than shopping for the item that is available. *Seyed, Farzana, Ahsanul (2011)*, This is because it is strongly recommended that people be encouraged to choose for and pick the products that they want. Doing a search on the internet is the only way to accomplish this, and it offers the consumer the quickest and easiest road to the greatest potential customer service experiences. It's feasible that humans are social animals that want to live in groups. This is something we should look into. If one of the teams in the cluster has a successful experience with online purchasing, word will immediately spread to the other teams inside the cluster through improvised means in case any of the other teams wish to give it a shot. It is possible that an organization such as this one is the source of the inspiration and encouragement that drive internet commercialism for the sake of sense-fulfillment. *Jaganathan, (2016)*. Consumers' perspectives on the economy have undergone profound changes as a result of the growth of digital technology. The fast accelerating growth of the web has supplied an additional push to customers' purchasing behaviours, which has offered an additional push to the buying behaviour of consumers. Every consumer in today's market has come to anticipate that the services they pay for should meet their needs in terms of convenience. *Isaac & Gabriel (2007)*. The buyer wishes to make a personal visit to the seller at their place of residence in order to collect necessary things or to push extensive information on the product or service.



Research Objectives

1. To outline the proposed model of consumer purchasing behavior.
2. To determine the influence that the perception of the customers has on their intention to shop

Research Methodology

The kind of the study that is being proposed is descriptive. Customers who shop online make up the target demographic. After determining which variables would be considered dependent and which would be considered independent for the study, a questionnaire was developed for the respondents. The total number of samples is 300. The customers buying products in online market have been purposively selected for the study. The information from the respondents were collected through the Google forms.

Findings

The study focuses on two issues: the varied levels of risk that customers perceive when shopping online and how those risks affect those customers' intentions to make purchases when doing so. Below is a discussion about them.

1. Attitudes toward online shopping

The perceived hazards are divided into performance risk, psychology risk, financial risk, privacy risk, time risk, and social risk (based on prior studies). With the use of the Likert scale, the degree of danger they encountered throughout the online purchase was measured (very low, low,

moderate, high and very high). The level of perceived risk is compared with the help of Kendall's W test as below.

Table 1
Perception in online shopping

| Perception | Mean | Std. Deviation | Mean Rank | Rank |
|------------------|------|----------------|-----------|------|
| Perceived Ease | 3.09 | 1.076 | 3.25 | IV |
| Past Experience | 2.97 | 1.487 | 3.14 | V |
| Perceived Risk | 2.82 | 1.162 | 3.11 | VI |
| Performance risk | 3.69 | 1.152 | 3.97 | I |
| Privacy risk | 3.40 | 1.118 | 3.79 | III |
| Uncertainty | 3.52 | 1.173 | 3.84 | II |

The respondents identified a high degree of risk in the following areas: performance risk (3.97), which is connected to uncertainty; (3.84); and privacy risk. (3.79). The Perceived Ease, the Past Experience, and Perceived Risk came in at numbers four, five, and six respectively in the subsequent ranking of the dangers associated with online shopping. The value of Kendall's coefficient of concordance is used to calculate the importance of the rankings.

Table 2
Kendall's Coefficient of Concordance

| | |
|-------------|--------|
| N | 300 |
| Kendall's W | 0.059 |
| Chi-Square | 84.966 |
| Df | 5 |
| Asymp. Sig. | 0.000 |

The calculated Chi-Square value (84.996) for the degree of freedom 5 is significant at 1% level. The value of probability is (p-0.000) less than 1% (<0.010). Hence, the result indicates that the high perceived risks are performance risk and time risk in the online shopping.

Conclusion

Online shopping is a trend with a bright future. People in India are starting to view online shopping more favourably. People may now purchase anything from any location using a number of secure payment options thanks to online shopping. Before making a purchase, customers have the ability to investigate a variety of merchants and products. **Kumar (2014)**. Today's consumers are so time-constrained that they rarely have the luxury of making purchases in brick-and-mortar establishments; instead, everyone chooses to make purchases online. Customers can quickly compare a wide range of products that are offered for sale on the Internet in terms of price, quality, the range of available colors, and other factors. **Ganguly (2010)**. More and more people are choosing to shop online these days. Consumers still believe that online shopping is more convenient than traditional stores, but they also believe that it is more expensive and takes longer to obtain the desired goods and services. Consumers frequently complain about confusing websites, ineffective customer service, and product returns these days. The inability to physically check the product and fears about the security of online payments are listed as the two main issues of online consumers. **Ramin, Darush, Mohammad. (2011)**, "The study came to the conclusion that ranking the various brands, products, and discounts provided is crucial in influencing consumer thought.

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