

Recognizing Risk Insight & Purchase Intent across Online Platform

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ABSTRACT

E-commerce in past was facing problems of internet friendly population, low penetration of ICT and internet in India, low percentage of credit and debit cardholders, as well as non willingness of people to use plastic money due to perceptual threat towards its use. But with the passage of time, it improved tremendously as people have started gaining confidence about purchasing products through online. Now it is becoming an integral part of modern life. In India, with abundance and diversity of information, easily found and conveniently shared facilities, Internet usage has grown exponentially by reshaping the informational and social needs. This study is an attempt to identify various risks involved in online shopping behaviour. It also tries to analyse the impact and usefulness of online shopping platform in the current scenario of lockdown in India, when social distancing is the utmost important weapon to fight with KOVID -19 viruses. The findings provide useful insight for understanding consumers' perceived risk in internet-based transaction to increase their involvement in online shopping and to reduce their cognitive dissonance in the e-commerce setting.

Keywords: E-commerce, Perceived Risk, Risk Perceptions, Pandemic

I INTRODUCTION

(a) **Online Shopping** - A few years back, when online shopping was at its nascent stage, there were very limited purchases through online shopping. This was due to many reasons such as lack of internet friendly population, low penetration of internet in India, low percentage of credit and debit cardholders and unwillingness to use their credit card due to the fear of being scammed. But with the passage of time, this scenario has improved tremendously as people have started gaining confidence about purchasing products through online. It has become an integral part of modern life across the world. In India, with abundance and diversity of information, easily found and conveniently shared facilities, Internet usage has grown exponentially by reshaping peoples' informational and social needs. There are around 483 million Internet users in India (IAMAI, 2018). Online shopping is the process whereby consumers directly buy goods or services from a seller in real-time, without an intermediary service, over the Internet. An online shop, e-shop, e-store, Internet shop, web-shop, web-store, online store, or virtual store evokes the physical analogy of buying products or services at a bricks-and-mortar retailer or in a shopping centre.

(b) **E-commerce** - According to Lu, Zulkiffli, and Hamsani (2016), E-commerce is a business transaction that includes a transfer for information which is related with online retail business sites, trading and more. Benefits such as no boundaries towards distance and location which results a people can buy products or services worldwide and become vital channel for online retailers or marketers offer their products

and services to consumers (Javadi, Dolatabadi, Nourbakhsh, Poursaedi, & Asadollahi, 2012; Lu et al., 2016). However, consumers feel fear when shops online due to risk involved in online shopping websites. (Morad & Raman, 2015). Ariff, Sylvester, Zakuan, Ismail, and Ali (2014) stated the level of fear for dimensions of perceived risks.

(c) **Risk** - Indeed, risk needs to be alert and handle by online retailers and marketers to create competitive advantages in Internet area. Past researchers include Kumar and Bajaj (2016), Ariff et al. (2014) and Javadi et al. (2012) proved that most consumers try to avoid negative aspects when facing perceived risks in buying situation in every country. In result, knowledge growth among online retailers and marketers by study and identify the type of risks in online activities (Lu et al., 2016). There are 5 types of risks involved in online shopping which are functional Risk, physical risk, financial perceived risk, social or psychological and time risk.

II LITERATURE REVIEW

The concept of risk has been accepted as one of the main considerations in customer decision making. Bauer (1960) affirm that it is not the risks in "the real world" which affect customer's behaviour but their subjective perception on the risks that might happen. The customers are starting to perceive it when they are facing two factors which are uncertainty and (negative) consequences (Cox and Rich, 1964). The higher the uncertainty and negative consequences are, the higher the perceived risks (Hong and Cha, 2013). Risks perceived by the customers have been studied as subject in the last four decades (Mitchell, 1999). In traditional business, several prior researches only

focused on 5 risk dimensions, such as financial risk, product risk, psychological risk, social risk, and time risk (Jacoby & Kaplan, 1972; Roselius, 1971; Stone and Gronhaug, 1993). However, the rise of new commerce, which is internet, reinvents the experts to discuss risk in depth.

Customer's perception on risk in the e-commerce is quite higher than the offline business (Lee and Tan, 2003). They could not see, touch, or try the products/services that they would buy. For example, internet-based transactions require delivery, hence the damage, fault, late or loss during the shipping is highly possible (Hong and Cha, 2013). Besides, the transaction safety risk and privacy might be faced by the customers because of the anxiety on the possibility that their personal data when purchasing a product will be abused by other irresponsible parties (Zhou et al., 2008). The customer's doubts are when they manage to purchase in social media, they have difficulties to address a complaint related to damaged products, service guarantee, and promotional frauds (Yu et al., 2007; Zhang et al., 2012). Previous explanations have shown theoretical evidence that perceived risks in internet could involve delivery, security and privacy, and after-sale risk (Hong and Cha, 2013; Hajli, 2014; Kim and Park, 2013; Zhang et al., 2012; Stone and Gronhaug, 1993; Hong and Cha, 2013; Forsythe and Shi, 2003; Bansal and Chen, 2011; Zhang et al., 2012; Yu et al., 2007; Almousa, 2014).

Some researchers have shown that the perceived risk has a negative effect on online purchase intention. The risk is subjective (Bauer, 1960), which means that the possibility of loss suffered by the customer is influenced by the lack of their knowledge and experience in the decision they are about to make. The more risks they perceived, the less their intention to perform the purchase. Psychologically, people are quite worried of doing a mistake in purchase rather than maximizing the benefit from the purchase itself (Mitchell, 1997). Hence, the perceived risk is considered as one of the main barriers in the purchasing decision (Forsythe and Shi, 2003).

Financial risk, product risk, privacy risk, and time risk were studied by some researchers (Forsythe and Shi, 2003; Hong & Cha, 2013; Masoud, 2013; Almousa, 2014; Naiyi, 2004; Ling et al., 2011; Yokohama et al., 2014). Furthermore, Naiyi (2004) also found that delivery risk has a negative impact on online purchase. Yokohama (2014) studied that the social risk influences purchase intention through the brain neuron system and proved that social risk has a positive impact, while Hong and Cha (2013) found the contrary. Zhang et al., (2012) also stated that after-sale risk also has a negative impact on customer's purchase decision.

Pandey, A.C., Kumar, N. (2012) revealed that when consumers choose a brand, the reasons are specifically distinguished as functional, rational and emotional. While functional and rational reasons would be clear to most people. The emotional reasons are often referred to as substantiates and provide support for the delivery of both the functional as well as rational benefits of a brand.

Sanjeev Kumar and Savita Maan (2013) study provides insights into consumers' "online shopping behaviors and preferences. Moreover, it also identifies the hurdles that customers face when they want to adopt internet shopping as their main shopping medium. Findings reveal that online shopping brings optimum convenience to the consumers. Privacy and security risk emerges frequently as a reason for being wary about internet shopping. Shopping convenience, immediate possession, information seeking, social interaction, and variety affects the consumer attitude towards online shopping.

Mingyao Hu, Elliot Rabinovich and Hanping Hou (2014), focuses on online customer pre-purchase perceptions. Signal credibility reflects customer pre-purchase perceptions of the quality of an online retailer. The results indicate that signal credibility has a direct negative influence on online customer complaint intentions. Pandey, A.C., Jamwal, M (2015) revealed that dissonance decreases as the time taken to make a purchase decision increases. Marketers should engage the customers with more information in their offerings that could lead to a delay in the final purchase by the customers. The more time a seller engages to a customer, the more information a seller will carry on to the buyer, which, finally lead to the contentment to the customer. Understanding the impact of Demographics on Post-purchase Cognitive Dissonance by Pandey et al. (April 2016) tested the impact of age on dissonance and revealed that age as one of the factors that smartphone industry is catching up advancement with a great pace and population in all age groups are ready to purchase smartphone in any price range. The young consumers are more informed, interested and concerned than the old people for that if they don't get the exact benefits that have been expected lead to high dissonance among them. There is a challenge of saving brand image by the marketer and the social as well as performance/functional risk rests with the purchaser.

III OBJECTIVES

- (a) To find out the various risks involved in online purchases.
- (b) To identify the significance of online medium based platform for the customers during the lockdown situation.

IV RESEARCH METHODOLOGY

- (a) **Sample size:** Sample size of the study consists of 400 Respondents out of them, 214 males and

186 females. The age group of respondents was 18 years and above.

- (b) **Data collection:** The data were collected through questionnaire administered on the randomly selected sample through online medium due to lock down like e-mails, or by posting a link on website and social networks like whatsapp.

V FINDINGS

- (a) **Threat of cyber crime in online transaction**

Misuse of credit/debit card	No Misuse of credit/debit card	Not very much sure about this fact
62% (248)	30% (120)	8% (32)

Source: Primary Data.

The result about risk associated with online shopping, it was found that misuse of credit/debit card was perceived as risk by 62% respondents. 30% respondents perceived no such risk and at the same time 8% respondents not very much sure about this issue. Therefore it is found that there is significant

difference between people who agreed that there may be use of credit cards and those who did not. It is found that respondents perceived risk while using credit cards that credit-card details may be compromised and misused in shopping online due to cyber crime.

- (b) **Risk of leakage of personal information**

Risk of leakage of their personal information	No Risk of leakage of their personal information	Never think on this regard.
58% (232)	37% (148)	5% (20)

Source: Primary Data

58% respondents perceived risk of leakage of their personal information whereas 37% disagreed to it and even 5% respondents never thought on this issue while using online platforms. There are many personal information that are required while placing an order online like address, phone number, e-mail

id, and some websites even ask for password. There exists pressure that this information may get leaked. It was found that significant percentage of respondents felt risky that the personal information given for transaction to the retailer may be compromised to third party and misused.

- (c) **Risk of discrepancy of product received**

Risk of discrepancy of product received	No Risk of discrepancy of product received	Neither agree nor disagree
52% (208)	41% (164)	7% (28)

Source: Primary Data

52% respondents agreed that they had a product risk that they will receive product other than ordered product. It was disagree by 41% respondents whereas 7% were undecided. It was found that respondents have a product risk in online shopping that they might not receive the product they ordered online.

The products may be different that the visual image as displayed. There also may be deviations in specifications of colour, size, appearance etc. There are numerous cases in clothing and footwear where product received is not as per the requirements of the customer.

- (d) **Risk about Tangibility**

Risk of Tangibility	No Risk Tangibility	Tangibility Not Matters
74% (296)	24% (96)	2% (8)

Source: Primary Data

The tangibility aspect and choice of products in online shopping was agreed upon by 74% respondents. 24% respondents disagreed to it whereas for 2% respondents tangibility doesn't matters. One of the major considered drawbacks of the online shopping is that there is tangibility issues associated

with purchasing a product line. It shows that there still exists a marked difference between people who prefer about products quality concerns as a major issue. It was found that in online shopping physical examination of product have significant impacts on purchases.

(e) Risk of Long Delivery Period

Risk of Delayed Delivery	No Risk of Delayed Delivery	Delay in deliver Not Matters
71% (284)	24% (96)	5% (20)

Source: Primary Data

71% respondents agreed that they had convenience risk of long delivery period whereas 24% respondents disagreed to it but at the same time 5% respondents has not given so much importance to delayed delivery rather they are more concern about quality. It is observed that there is a significant difference between respondents who agreed that there exist a

risk of long delivery period and those who did not believe in it. There have also been cases of consignments getting misplaced or lost. In metropolitan cities, the distances are more and hence, there is implied risk of delivery period being long. On the other hand, in case of remote cities, an effective distribution system may not be present.

(f) Risk of product Return

Risk of product return exist	No Risk of product return exist
79% (316)	21% (84)

Source: Primary

79% respondents found convenience risk of returning a product bought through online shopping whereas 21% disagreed to it. It was found that product returning procedure has a significant impact on online purchasing due to complicated procedure.

(g) Usability of online platform of shopping during Lockdown

Usability during Lockdown	No Usability during Lockdown
72% (288)	28% (112)

Source: Primary Data

It was found that 72% respondents during lockdown period due to KOVID-19 in India preferred online shopping as more convenient and useful to purchase, because it helped them to stay safe in home due to social distancing but 28% were not agreed as they feel that this facility is also not effective due to uncertainty in delivery. They perceived that it was only available in some specific locations or cities and they like to shop physically during relaxed hours given by the administration.

VI LIMITATIONS OF STUDY

- The respondents of this study only covers internet user's i.e. non internet user have not been covered.
- Due to time constraint the responses were limited to online questionnaire.

VII CONCLUSION

This study revealed about fast awareness about online purchasing in India. It also proved that people are still facing risks in online shopping. But at the same time during emergency situation like lockdown, this platform of shopping plays a significant role especially when social distancing is the only weapon for fighting against this pandemic. The impossibility of product testing, problems with complaints, product return and misuse of personal data are the main uncertainties regarding on-line shopping. Hence, it may be concluded that customers observed perceived risk in Online Shopping but still its importance can't be ignored and the government as well as the providers of such

platform should make strategies so that perceived risk of delivery and accessibility parameters should be addressed with more exposure of consumer. Only Online-Presence of retailers is not enough but the Customer-Participation without any perceived risk is more important.

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