



A STUDY ABOUT INTERDEPENDENCE BETWEEN ATTITUDE AND PERCEIVED RISK IN ONLINE SHOPPING

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Abstract

This study pores over the role of perceived risk and Attitude in improving the online intention among online shopping. The conceptualization of consumer perceived risk and perceived benefits of this study provides empirical evidence in the study of online intention. Ten types of risk dimensions, such as delivery risk, privacy risk, quality risk and time risk and four types of benefit such as shopping convenience, product selection, ease of shopping and shopping enjoyment were used to examine their attitude towards online shopping. In this study, a total of 400 questionnaires is distributed by the researcher which focus specifically on online customers in Chennai. Pearson Correlation analysis is employed in order to test the hypothesis and examine the relationship between the variables. The finding confirmed that all the dimensions of perceived risk and Attitude have played an important role in consumers to shop online. In fact, this study provides useful assistance for online marketers to develop an effective marketing strategy in targeting consumers at the same time; they can get a broad overview about the risks and benefits of online intention where it leads to increase the involvement of in online shopping.

Keywords: Perceived Risk, Attitude, Online Shopping.

Introduction

India's e-commerce market is likely to touch \$38 billion mark in 2016, a massive jump over the \$23 billion revenues clocked by the industry in 2015, according to an Assoc ham study Online retail gives convenience for retailers to expand their businesses in the other part of the world and connect people in a borderless world. Consumers can do Internet shopping from anywhere at any time. In fact, the development of the Internet has enhanced the attractiveness of online shopping.

The Cyber space has become renowned as the rapid growth of technology (Jamali et al., 2015; Tee et al., 2014). Nowadays Internet is not only used for socializing, but also as a business medium in the universal market. (Jamali et al., 2014; Yulihasri, Islam, & Ku Daud, 2011).

As Internet shopping is done through a virtual store, there is no human contact and consumers can't check the quality of a product, sometimes it makes consumers feel insecure and uncertainty about their purchase decision. They are worried about their pre-purchase experience as they afraid to face the unexpected loss from the purchase and product (Naiyi, 2004). In addition, based on the study done by Forsythe, et al. (2006), they found that the perceived benefit significantly affects the consumers' online intention. Perceived benefits are the results that related to the integration, which are valued by every individual. Wu (2003) said that perceived benefits were the total of online shopping advantages and satisfaction that meet their needs and wants. This is the perception of what customers gain after doing the online transaction. Even though there is a major growth of online shopping in the nearby future, perceived risks and their influences in online shopping have become more associated. When consumers are more anxious about their purchase decision, they will repeatedly think about risk and to which extend it is insecure. Online shoppers feel unsecured with the transaction done over the Internet since nowadays cybercrime cases kept on increasing. Cybercrime activity like fraud can affect online shopping activity where it makes consumers afraid of giving their personal information online. In addition, buying over the Internet also relates to consumers experiences and satisfaction that they perceive while shopping. Online shoppers can gain benefits as well from doing online shopping. Therefore, it is important to understand consumer perceptions toward online shopping as to improve and increase the online shopping intention. The strong attitude will directly give impact to the purchase decision of the consumers.

Review of Literature

E-commerce is a tool for reducing administrative costs and cycle time, streaming business processes, and improving relationships with both business partners and customers (Charles, 1998). Attitudes are reflected to customers' steadily favorable or unfavorable assessments, feelings, and inclinations towards object or idea. Finally, Beliefs is reflected to customers' thoughts about a product or service (Kotler & Armstrong, 1997). Bellman, Lohse and Johnson (1999) examine the relationship among demographics, personal characteristics, and attitudes towards online shopping. These authors find that people who have a more .wired lifestyle. and who are more time constrained tends to buy online more frequently, i.e., those who use the Internet as a routine tool and/or those who are more time starved prefer shopping on the Internet. Bhatnagar, Misra and Rao (2000) measure how demographics, vender/service/ product characteristics, and website quality influence the consumers. Attitude towards online shopping and consequently their online buying behavior. They report that the convenience the Internet affords and the risk perceived by the consumers are related to the two dependent variables (attitudes and behavior) positively and negatively, respectively. Jarvenpaa, Tractinsky, and Vitale (2000) investigate how consumers



Perceived store size and reputation influence their trust in the store, risk perception, attitudes, and willingness to buy at the specific store. They discover that there is a positive relationship between consumer trust in Internet stores and the stores, perceived reputation and size. Higher consumer trust also reduces perceived risks associated with Internet shopping and generates more favorable attitudes towards shopping at a particular store, which in turn increases willingness to purchase from that store. Kim & Lim, (2001) conducted the study on online shopping and in his study it has become quite clear that in order to survive and be profitable, online businesses must pursue the fundamentals of good retailing. One of these principles is knowledge about existing and potential customers and their preferences. Retailers must pay attention to the target market's perceptions, attitudes, and behavior rather than the technological characteristics of their websites. Childers (2001) studied on attitude of students for online shopping and it was found that the degree of interactivity that a Web site offers is a strong factor in support of stabilizing this relationship, because experiential shoppers usually find more enjoyment in interactive environments than in pure text environments.

Jahng, Jain, and Ramamurthy (2001) propose and validate a Technology/Product Fit Model to describe and predict the relationship between product characteristics, e-commerce environment Characteristics and user outcomes. They classify products sold on the Internet as belonging to four categories based on social and product presence requirements: simple, experiential, complex, or social. When a positive fit is established between the e-commerce environment and the product requirements, favorable user outcomes are generated that include user satisfaction decision confidence, e-commerce acceptance, and purchase intent. After examining the 35 empirical studies, we identify a total of ten interrelated factors for which the empirical evidences show significant relationships. These ten factors are external environment, demographics, personal characteristics, vendor/service/ product characteristics, attitude towards online shopping, intention to shop online, online shopping decision making, online purchasing, and consumer satisfaction. Five (external environment, demographics, personal characteristics, vendor/service/product characteristics, and website quality) are found to be ordinarily independent and five (attitude toward online shopping, intention to shop online, decision making, online purchasing, and consumer satisfaction) are ordinarily dependent variables in the empirical literature. Fishbein and Ajzen (1975), it is believed that consumer attitudes will affect intention to shop online and eventually whether a transaction is made. This is a multidimensional construct that has been conceptualized in several different ways in the existing literature. First, it refers to the consumer's acceptance of the Internet as a shopping channel (Jahng et al. 2001). Secondly, it refers to consumer attitudes toward a specific Internet store (i.e., to what extent consumers think that shopping at this store is appealing). These first two dimensions are negatively associated with the third, customer's perceived risk. Koufaris et al. (2002), Cho et al. (2001), revealed that perceived control/users. Empowerment, enjoyment/playfulness, and perceived real added-value from membership have also been shown to be important dimensions of consumers. Attitudes towards online shopping.

Even though nowadays the number of online transaction is increasing, many people still hesitate and resist in using online transaction because they find several barriers in using it. According to Bauer (1960), online shopping involved risk since the purchasing action can create poor consequences which they were unconsciously approached to uncertainty. Besides, Bauer believed that perceived risk will give impact to a consumer purchase decision. Dowling & Staelin (1994) stated that perceived risk was about the consumer perception toward the uncertainty of buying a product where it can make consumer become doubt in buying the product and lead for asking suggestion of the consequences of buying it. Stone & Gronhaug (1993) believed that perceived risk is one of the most significant factors that influence consumer purchase intention. Comparing with traditional way of shopping, online shopping perceived to have higher risk. It's able to reduce the willingness of consumers to purchase good or service online (Barnes, 2007). Online shoppers are afraid to suffer losses by the time what they expect is not the same with the reality (Pavlou, 2003). Researchers have identified various risks associated with online intention such as delivery risk, privacy risk, quality risk and time risk.

Delivery risk is the potential loss of delivery, which related to good lost, damaged and sent the product to the wrong place after customers do online transaction (Zhang, Tan, Xu, & Tan, 2012).

The development of e-commerce has brought the issues and problems especially in privacy. According to George (2002), privacy risk can affect consumers' intention to make purchases over the Internet. In addition, another researcher defined privacy as the degree to which extend online shopping website is safe and protecting the privacy of consumer data (Kyauk & Chaipoopirutana, 2014). In doing online shopping, shoppers rely on the limited information and picture that shown and provided on the website as product can't be touched (Jarvenpaa, Noam, & Lauri, 1999). According to Yee & San (2011), quality has a direct impact on customer purchase decision. So once a firm fails to deliver the product according to the standard of quality then it means the firm has failed in delivering the benefits (Zhang, Tan, Xu, & Tan, 2012).

According to Griffin & Viehland (2010), time risk refers to the time needed by consumers to buy the product and time to obtain it. Then, according to Sim & Su (2012), time risk relates to the potential loss of time, accessibility or effort associated



with making a bad purchasing decision and when a product purchased needs to be fixed. In fact, while doing online shopping, consumers can waste their time in researching product information. This can also cause perceived time risk.

According to Broekhuizen & Jager (2004), if consumer perceived risks are higher, then it leads them to spend more time and effort to make a decision. Based on Featherman & Pavlou (2003), they defined time risk as the condition where consumers lose their time when making bad purchasing decision by wasting their time to research and make the purchase, then learn how to use the product again. Another researcher also stated that time risk is the potential loss of time related by making bad decisions by wasting time researching, shopping and replacing the unexpected goods.

Objectives

1. To identify the relationship between perceived risks on consumer Attitude.
2. To know the online shopping characteristics of customers in Chennai.

Methodology

Sample Characteristics

The investigation of the relationship between Perceived risk and Attitude is to take forward to collect data through a structured questionnaire of 370 online shopping customers across Chennai. This study was aim towards young, educated, experienced Internet users.

The survey instrument consists of 15 statements and questions. In adding up, the questionnaire Incorporated demographic characteristics such as gender and time spent on online, online shopping frequency. Attitude and Perceived risks were measured with 5 point measurement scale (1=strongly disagree, 5=strongly agree).

Demographic Analysis

The table below shows the breakdown of the respondent's gender, age, education level, number of times doing online shopping and frequency of doing online shopping. Here, the questionnaires are distributed to different ranges of groups in order to have different point of view from different respondents.

Table -1

Sample Characteristics	Category	Frequency	Percent
Gender	Male	214	58
	Female	156	42
Age	19-29	271	73.2
	30 – 39	85	23.0
	40 – 49	10	2.7
	Above 50	4	1.1
Qualification	Ug	92	24.9
	Pg	278	75.1
Monthly Income	Less Than 40,000	273	73.8
	40,000 – 60,000	73	19.7
	60,000 – 80,000	11	3.0
	Above 80,000	13	3.5
Marital Status	Married	156	42.2
	Single	214	57.8
Family Type	Nuclear	255	68.9
	Joint	115	31.1

Table- 2: Reliability Test

Items	No. of Items	Cronbach Alpha
Attitudes	6	0.869
Financial Risk	8	0.724
Product Risk	5	0.865
Time Risk	9	0.736
Delivery Risk	4	0.677
Social Risk	6	0.689



Information Security Risk	6	0.837
Psychological Risk	3	0.876
Physical Risk	5	0.819
Source Risk	6	0.956
Quality Risk	5	0.716

Reliability test is a test that used to examine the internal consistency of the data. Normally, it uses Cronbach Alpha coefficient to determine the value. The Cronbach Alpha Coefficient has to be above or at 0.7 in order to get good internal consistency or reliable value. When the value is above 0.7, it is considered as acceptable, while if the value is below than 0.7, it is considered to be poor (Nunnally 1994). In other word, all variables are reliable.

Correlation

Table – 3 Correlations between Perceived Risk and Attitude

		Perceived risk	Attitude
Perceived risk	Pearson Correlation	1	.024
	Sig. (2-tailed)		.645
	N	370	370
Attitude	Pearson Correlation	.024	1
	Sig. (2-tailed)	.645	
	N	370	370

Source: Primary data * 5% level of significance.

To test the correlation between independent variables and dependent variable, Pearson correlation test was applied. The independent variables of the study perceived risk and dependent variable is attitude. The following hypothesis was formulated to test the relationship.

H0: There is No Significant Relationship between Perceived Risk and Attitude towards Online Shopping.

In order to test the relationship, Pearson correlation was applied. From the result it is observed that there is positive correlation between independent variable and attitude. The perceived risk has least r value ($r=0.024$); this implies that it contributes less to attitude. From the r' value it is further observed that attitude has strong and high correlation with intention. Perceived risk has the weak relationship with intention. The remaining variables have moderate relationship with intention. From the p value in the correlation matrix, it is observed that the level of all independent variable relationship was significant at 0.01 levels. Hence the hypothesis is rejected.

So it is concluded that there is significant relationship perceived risk and attitude.

Conclusion

To summarize the findings of this study based on the correlation result, all the variables such as delivery risk, privacy risk, quality risk, time risk. In increasing consumer online intention, consumers perceived greater benefit and less risk. First of all in the dimension of perceived benefit: shopping convenience, product selection, ease of shopping and shopping enjoyment have a positive relationship toward online intention. In fact, marketers have to consider these factors if they would like to increase their sales through online channel. Through online purchasing, customers can access many brands and retailers from everywhere and they can get numerous selections of products available on the Internet. Most of the respondents still perceived that online shopping is risky, this indicate as the quality, privacy, delivery and time risk increase, the online intention of 'is going to be deep-rooted'. In other word, if customer perceived online shopping is risky then they will reduce their intention to shop online. Customers worry to purchase goods online because they are afraid the items aren't delivered after the payment, their personal information will be leaked out to other companies that can affect their privacy and the product isn't delivered as what they expect. Therefore, firms have to improve their security requirements so that it can mitigate the risk perceived by the consumer. Among all the variables of perceived benefit and perceived risk, only four variables are found to be significant namely, delivery risk, privacy risk, product selection, and ease of shopping.



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