



A STUDY OF CONSUMER PERCEIVED RISKS IN ONLINE BUYING IN HISAR

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ABSTRACT

With the advancement of contemporary technology, people's lifestyles are changing constantly. Due to recent advances, consumers' buying behaviour have also transformed. Online shopping is replacing traditional retail purchases. The goal of this research was to learn about people's attitudes on online shopping and to determine if customers prefer online shopping or in-store purchasing, and why. The primary data for this study was gathered via a survey of 100 Hisar customers utilizing a questionnaire. This research employed factor analysis to show that consumers' attitudes on online shopping were strongly linked to their demographic information. The findings of the survey showed that buyers have a good attitude about online purchasing and that many aspects related to online shopping have emerged.

Keywords: Online shopping, Factor Analysis, Consumers' Perception.

1. INTRODUCTION

Customers are changing the way they buy items and use services as a result of the internet. E-commerce is the activity of selling or purchasing a service or product through online shopping utilizing any of the World Wide Web's platforms (**Doolin. et al., December 2006**). Today, e-commerce is referred to as "online shopping," and it includes electronic money transfers, supply chain management, mobile apps, online transactions, digital marketing, EDI ("Electronic Data Interchange"), and many more areas. According to **Chengappa (2020)**, there are now 38.5 billion Indians who have access to the internet. The present growth rate is 55%, and it is fast rising as more and more people get access to the internet.

This number is growing year after year, assisting the nation in fully embracing the advantages of internet buying. According to research by **Giri (2019)**, one automobile is sold in India every 9 hours, a mobile phone every 8 minutes, and a jewellery piece every 5 minutes on the e-

commerce platform eBAY.com. Every day, 300 million rupees worth of rail tickets are sold in India using the government's websites. Gifts, books, clothes, CDs, audio cassettes, mobiles, computer peripherals, plane and train tickets, and electronic appliances are among the most popular items purchased through internet shopping, according to **(Sashikala and Suresh, 2011)**.

One of the major matters that today's goods and services face is customer pattern adoption. The key building component of the whole adoption process is perceived risk. The study aims to determine the various types of perceived risks that customers face while making online purchases. The work aims to determine the perceived risks of online buying in Hisar (Haryana). Perceived Risk is a concern that every client has while making a buying decision **(Dowlin and Staelin, 1994)**. It happens naturally when a customer brings up some unforeseeable implications in their thoughts. It expresses a customer's subjective conviction in the chances of a negative result as a consequence of their purchase choice, including psychological risk, time risk, financial, social, functional, physical, and other perceived risks. Psychological, financial, performance, social, time, and time-related risk are the components of perceived risk in this research **(Gronhaug & Stone, 1993)**. The customer's perception of such risks differs depending on the product category, the buying situation, and the culture. Customers' perceptions of risk have been shown to influence their readiness to try new services and buy more items. When compared to conventional purchasing, online shopping is a novel idea with a higher perceived risk **(Kanuk & Shiffman, 2006)**.

According to **Bhatnagar et al.**, there are two kinds of risks linked with online shopping (2000). Financial and product risks were involved. Product risks are associated with the product's expected performance and functionality. The risk is greater for items that are technologically complicated, like hardware and electronics, as well as other products with a high degree of expenditures, such as eyewear. It is greater for food goods, which are generally touched or felt to determine freshness, while it is lower for garment and clothes. The researchers, on the other hand, stated that the financial risk is not only in context of monetary accounts not engaged in transactions but also in terms of putting the client at risk of losing money due to fraud and stealing personal information such as card data. This is especially true for books, hardware, and software.

Tan (1999) discovered that when purchasing items on the Internet, the perceived risk is larger than when buying in a store, in an early effort to determine the perceived risks in online buying. Various factors can help reduce risk such as brands, word-of-mouth advertising, information through various sources, etc **(Krishnamurthy, 2001)**.

Bertea and Zait (2013) studied the moderator factors, which might influence how consumers' intentions and perceptions of risk are linked when they decide to buy online. They identified three latent factors in shopping online: trust, materialism, and fear of uncertainty. In addition, the three observable factors are the participants' online buying experience, gender, and internet usage experience. There was no evidence of a moderating effect between a consumer's intents

and the perceived risk linked with online buying, indicating that the two elements had an inverse association. Trust and fear of uncertainty, on the other hand, were the two antecedents of a customer's perceived risk. In the given table, several forms of perceived risks are indicated:

Table 1
Perceived risk types

Categories	Definition
Performance risk	The product doesn't perform up to mark.
Time risk	The time and efforts lost in the return or exchange of products.
Financial risk	The goods are not worth the money paid for it, or there has been a financial loss owing to debit or credit card fraud.
Social risk	The purchase decision of the product results in embarrassment from family members, neighborhood, or others.
Psychological risk	The product has an impact on the user's mental health, especially when the product is pricy or in an emergency.
Privacy risk	The risk of losing confidential info, or the vendor using it without permission (Grønhaug & Stone, 1993; Pavlou & Featherman, 2003; Crespo et al., 2009).

REVIEW OF LITERATURE

Park & Kim (2020) observed that customers devote more time in online searching for information and that the internet is reachable. Price, which is part of the marketing mix, is a motivator for customers, and a negotiator, communicator, and competitive weapon. Price may be used by the customer to evaluate items, assess relative value for money, and assess product quality. Such factor is thought to have a significant impact on customers during online shopping **Pettitt & Brassington (2000)**.

Emuian and Wang (2005) described online purchasing as buying goods online. In most cases, products bought online are delivered to the customer's doorstep.

Mittal and Sharma (2009) stated that India is exhibiting significant development in E-commerce, in the research "Prospects of e-commerce in India". With a population of over a billion people, India's potential for online commerce is enormous. E-commerce has become an important part of our everyday lives, and it is a widely used term in Indian culture, with websites selling a wide range of products and services. Some of these websites provide a particular product as well as related services. Research by **Solomon (2016)** found that

"Consumer behavior is the study of the processes involved when a person buys, chooses, uses or discards items to meet wishes and desires" to be true.

Moira Clark, Susan Rose, & Neil Hair (2011) discovered that the acceptance and penetration levels of Internet technologies continue to climb, online purchases, in particular, are on the rise. By 2007, the percentage of Europeans using the Internet had increased by 23 percent year-on-year to 43 percent. In North America, 71% of people had been exposed to it, and the population had grown by 120% since then (Internet World Stats 2007). Online sales, which in the US hit US\$128.1 billion in 2007 and were estimated to cross US\$165.9 billion by 2009, show that this trend is gaining pace (source: United States Census Bureau, 2009).

Peterson et al. (2003) pointed out that a suitable specialized model of customer purchasing behavior is still being developed at an early stage in Internet growth. The consumer's starting position, relevant market structures, and the product's qualities all have an impact on the decision-making process. An important influence on actual purchasing behavior is how consumers feel about online shopping.

Havers (2008) found that nowadays, young, eco-conscious consumers aren't going to spend time and money driving across town in search of the perfect product. When possible, they purchase online and then travel to the store to examine whether the goods look and feel as described, so they can confirm that the image they saw online is accurate.

2. OBJECTIVES OF THE STUDY

- (i) To understand and analyze the customer perception about online shopping
- (ii) To extract the factors influencing customer perception in online shopping

3. DATABASE AND METHODOLOGY

The current research is descriptive since it aims to investigate customer perceptions of internet shopping in Hisar Haryana. A sample size of 100 customers from Hisar was used in this research, and primary data were acquired using a structured questionnaire. Factor analysis is employed to examine the information. SPSS (version 20.0) tool was used for the analysis.

4.2 Reliability of data

The Cronbach alpha measure is used to ensure that the user data and analysis are credible. This metric aids in determining the reliability of questionnaires used to respond to the survey's questions. A Cronbach alpha value of 0.7 or above is considered an adequate reliability coefficient.

4. FACTOR ANALYSIS

Table 1: Eigen value with cumulative variance percentage

Component	Eigen value	Cumulative %	% of variances
1	9.652	21.937	21.937
2	2.819	35.442	13.506
3	2.061	45.521	10.079
4	1.664	53.648	8.126
5	1.509	57.077	3.43
6	1.443	60.356	3.279
7	1.396	63.53	3.174

8	1.259	66.391	2.861
9	1.185	69.084	2.693
10	1.125	71.64	2.557

According to the findings, ten variables accounted for 71.64% of the total variation, as indicated in the table below. A separate table shows the online shopping component matrix that has been rotated. It was done by assigning the variables to the factor with the highest factor loadings, thereby making them cumulative. If a variable appeared in more than one category, it was assigned to the factor where it might have fit based on logic and rationale. The next table shows the factor and the loading of the elements.

Table -2: Factors loading of online shopping

S. No.	Constituent variables	Factor loading	Extracted Factor
1	<ul style="list-style-type: none"> • The best things may be purchased online. • When it comes to quality, online buying is the greatest option. • I've shopped online for the past six months. 	0.795 0.777 0.514	Quality

2	<ul style="list-style-type: none"> • I consider myself to be an expert in the field of onlineshopping. • Online transactions are simple to do. • It saves time to shop online. 	0.627 0.538 0.605	Convenience
3	<ul style="list-style-type: none"> • Online buying was a wise choice for me, and I'm glad I made it! • I enjoy buying online since I can do it whenever I want. • To purchase online is a convenient option. • Online purchasing has increased my overall buying pleasure. 	0.559 0.548 0.509 0.411	Satisfaction
4	<ul style="list-style-type: none"> • Shopping on the internet gives me a wider range of options than shopping at conventional shops. • Online shopping offers a greater variety of items than local businesses. • Online shopping offers a wider range of items. 	0.771 0.685 0.601	Availability of products
5	<ul style="list-style-type: none"> • An online store's request for so much personal information from me scares me. • Whenever an online retailer asks me for my personal information, I feel upset. • Shopping online puts my privacy at risk. • I'm afraid that the online store's database of my personal information is inaccurate. • Without my permission, I'm worried that the online retailer may sell my personal information to other firms. 	0.836 0.818 0.554 0.821 0.665	Security & Privacy
6	<ul style="list-style-type: none"> • The order is delivered shortly by the online retailer. • Shopping over the internet is safe and error-free. 	0.856 0.570	Quickness
7	<ul style="list-style-type: none"> • I've always been admired by promotional deals. • Online retailers provide a wide range of discounts and deals to customers. • The retail sites are appealing and easy to navigate. • My buying experience is better when I purchase online. 	0.795 0.592 0.527 0.835	Attractive
8	<ul style="list-style-type: none"> • Online purchasing, in my opinion, is more flexible. • By purchasing online, I can save a lot of money. 	0.681 0.483	Flexibility
9	<ul style="list-style-type: none"> • I buy online because I can't locate what I'm looking for in local shops. • My online purchase experience is extremely understandable. 	0.780 0.552	Spatial convenience
10	<ul style="list-style-type: none"> • Online purchasing raises consumer awareness about new items. • Internet shopping is more convenient. 	0.80 0.47	Awareness

5. INTERPRETATIONS

Factor -1 (Quality): Customers expect high-quality items from online retailers, as seen by the factor loading of the first two assertions, which is at its highest. Consumers these days are looking for items of high quality that are reasonably priced. Factor - 2 (Convenience): Consumers like online buying because they can access a wide range of items quickly and simply, as well as enjoy the convenience of online purchasing. The first statements have the largest factor loading (0.627). Factor - 3 (Satisfaction): Among the four claims in the third component are concerned about product replacement and giving information on websites. The factor is termed "satisfaction" as a result of these statements. The first statements have the largest factor loading, at 0.559. Factor - 4 (Products availability): Another three statements form the fourth factor. The factor loading of the first, second and third statements is 0.771, 0.685, and 0.601 respectively. The positive factor loading can be seen in all of the statements. Consumers nowadays demand things that are accessible immediately. Factor - 5 (Security& privacy): Three statements make up the fifth component. All of the statements are about privacy and security. The initial statements have the greatest factor loading of 0.836. Factor - 6 (Quickness): This component consists of two statements, one of which is associated with a quickness. The first statement has a factor loading of 0.856, whereas the second has a factor loading of 0.570, indicating a significantly positive loading. All of the assertions suggest that quickness is the most crucial factor in any type of online website. Factor - 7 (Attractive): There are four statements in the seventh factor. It's clear that all the statements are connected positively. The factor loading of the first, second, third, and fourth statements is 0.795, 0.592, 0.527, and 0.835 respectively. Consumers are increasingly turning to internet buying sites because of their convenience and appeal. Factor - 8 (Flexibility): The first statement has a factor loading of 0.681, while the second has a factor loading of 0.483. Today's shoppers desire items that can be found on all of the top search platforms. As a result, the term given to the factor is flexibility. Factor - 9 (Spatial convenience): In terms of spatial convenience, there are two statements that make up this factor. Consumers choose those websites that supply their products in the shortest amount of time possible. Statements 1 and 2 have a factor loading of 0.780 and 0.552, respectively. Factor - 10 (Awareness): Statements one and two have a factor loading of 0.80 and 0.47. These days, customers are drawn to websites that provide both trendy and discounted merchandise.

6. CONCLUSIONS

To better understand how customers see online shopping, several studies have been carried out by a variety of academics. People's views on internet buying were examined in this research. Online purchasing is seen by consumers as a positive experience, according to the latest survey. Factor analysis of customer perceptions shows the rise of a variety of variables related to online purchasing. It's clear that quality is the most important component in the statement. Customers who buy online are unable to physically inspect the items they want to purchase. As a result, online shoppers place a high value on product quality, and marketers are responsible for assuring that the quality of the items they get meets or exceeds their expectations.

Product availability, contentment, and convenience are some of the other considerations for

customers. These considerations suggest that online shopping is convenient for clients and that online shoppers prefer it because of the effort needed in traveling to the market and purchasing the items. Online buying provides the client with a sense of fulfillment.

As a result, many customers' basic perceptions of online shopping are positive. In the future, online purchasing will have a great impact, and more and more businesses will use it to expand their consumer base. They must, however, provide consumers with value if they are to remain in business for the long term.

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