COPY RIGHT

Title **An empirical study on consumer attitudes towards perceived risks and benefits of online shopping**

Paper Authors

Kilaru Madhavi, Dr.K.Sambasiva Rao

USE THIS BARCODE TO ACCESS YOUR ONLINE PAPER

To Secure Your Paper As Per UGC Guidelines We Are Providing A Electronic Bar Code

An empirical study on consumer attitudes towards perceived risks and benefits of online shopping

[1]**Kilaru Madhavi**

Assistant Professor in MBA, VR Siddhartha Engineering College, Vijayawada.
Ph.D Scholar, Andhra University, Visakhapatnam, Andhra Pradesh, India.
madhavi.aditi@gmail.com

[2]**Dr.K.Sambasiva Rao**

Professor, Department of Commerce & Management studies, Andhra University Visakhapatnam,
Andhra Pradesh, India.

Abstract:

Online shopping is one of the most popular online activities worldwide. In 2020 retail e-commerce worldwide amounted to 4.28 trillion US dollars and e-retail revenues are projected to grow to 5.4 US trillion dollars by 2022. The Covid-19 pandemic made a significant change on e-commerce trends around the world. The brick and motor stores shuttering overnight, shoppers huddle to the web to buy their needed goodies. Today, in addition to e-commerce M-commerce or Mobile commerce, involve shopping through a mobile device like a smart phone. M-commerce will continue to break out over the next few years. Technology made it easier for people to shop on their smart phones. The market of the e-commerce industry in India was approximately 22 billion US dollars in 2018, which was estimated to reach 200 billion US dollars by 2027. In the context, studying consumer's perceived risks and benefits of online shopping is significant and useful to the industry and academia. The conceptualization of consumer's risks and benefits provides empirical evidence in the study of online consumer attitude. A survey undertaken as a part of doctoral research on 528 online shoppers by the researcher in Vijayawada is presented as research paper. Findings were conclusive that both risks and benefits of online shopping strongly influences online consumers attitude.

Key words: Perceived risks, benefits, consumer's attitude

International Journal for Innovative Engineering and Management Research
A Peer Reviewed Open Access International Journal

www.ijiemr.org

Introduction

Online shopping popularity in India is growing day by day as people perceive that online shopping is more convenient and they can shop from anywhere and anytime. It provides detailed information about a product with a single click. Consumer behavior matters when individuals or groups choose, buy, evaluate and use products and services. There are various factors that affect online shopping and consumer attitude. These factors are product risk, privacy risk, financial risk and benefits like convenience, time saving, avoid crowd and home delivery. No doubt the internet has facilitated consumers on line shopping. Despite these benefits, there are perceived risks in the consumer's mind that may create obstacle between consumer attitude and intention to buy. The objective of the study is to examine the various factors like perceived risks and benefits of online shopping which influence consumer attitude towards online shopping. By addressing the risks by the marketers result in increase of online retail marketing.

Literature Survey

According to Xiang, Y. & Dai (2009) purchase intention was influenced by groups of factors including perceived benefits and perceived risks. A cognitive benefit has positive influence on online shopping decisions and perception risk negatively impact on customer' decisions. Based on Davis' (1989) study revealed that customer's perception of gaining and losses can be understood as perception of benefits and risks. Perception risks and costs in the eyes of each consumer is different. Some buyers said that buying product/ services on E-commerce hide many risks, but others appreciate the benefits of E-commerce, such as easy to finding information and compare products, price (Martin &Camarero, 2009).Armstrong & Kotler (2000), the choice of consumers in shopping influenced by four psychological factors; motivation, perception, learning, ultimately translate to faith and attitude. Through motivation and perception, the attitude is formed and result in consumer decisions. It is important to realize that there are many factors affecting to the formation and change of consumer attitude. Research on consumer attitudes will help managers predict online shopping trends in the future growth of e-commerce.

Research Objectives

The objective of this Paper is to identify the risks and benefits of online shopping and then evaluate customer attitudes towards perceived risks and benefits of

online shopping. Based on the objectives it was hypothesized that there exists no significant difference between consumers attitudes with the risks and benefits of online shopping.

Methodology

This study is based on an empirical analysis which contains precise measurement using structured and validated data collection instruments. The data was collected through the execution of well-structured self-administered questionnaire online. Useful information gathered from several secondary resources. Convenience random sample is used for the study with the sample size 528. Statistical tools used for the analysis by SPSS includes; factor analysis, correlation and regression.

Result and Analysis

The findings of the data analysis are discussed, and are instrumental in gaining an insight into online consumer attitude. In order to identify key factors which affect consumer's attitude, exploratory factor analysis was performed. In order to identify the underlying dimensions in perceived risks and benefits of online shopping, exploratory factor analysis was employed. We have used a 5-point Likert scale, which ranged from strongly disagree to strongly agree. The inter-item

consistency reliability of variables was tested before factor analysis was carried out. The result for Cronbach's Alpha test was 0.931, 0.940 and0.905 respectively. The closer the reliability coefficient gets to the value of 1.0, the better the reliability of the measures is [Cronbach, 1951]. This scale can be considered to be good. Moreover, the results of both the KMO (.957) and Bartlett's test of sphericity (.000), also indicate that it was appropriate to apply the exploratory factor analysis techniques to this data set. With principal components analysis and an eigen value of 1.00 as the deciding criterion, Varimax rotation yielded four factors that explained 65.2% of the matrix variance. According to Hair et al.'s [1995] practical significance criteria, individual item factor loadings have to exceed 0.4, and one factor should include at least two items. These practical significant criteria were fully met in the exploratory factor analysis.

Factor 1 loaded on the 11 to 20 variables. This factor can be labeled as benefits of online shopping, as these ten variables revealed the attitude of online buyers related to the components of the benefits of online shopping; that is, saving time, Convenience in shopping, wider options of products, latest products/brands, price offers, special sale events, verification of

product information, home delivery, method of payment and privacy policy. All these elements were considered as the predominant predictors of online consumers' purchasing decisions. Factor 2 highly correlated with first 1 to 10 variables that is Products availability, Payment risk, Product/service quality, On time delivery, Refund policy of the product, Product Fitness/trail, After delivery services of the product, Company own unique brands, Order tracking system and Role of delivery personnel. It might be labeled as risks of online shopping. This category's results indicated that it is important to convince buyers that marketers can fulfill their promises, more

when compared to traditional shops. The third factor might be labeled consumer attitude, and includes variables 26, 27 and 28. It includes, like to shop from trustworthy website, unnecessary tension due to usage of credit card, website has to show sincere interest to solve the problems in purchasing process and online shopping really helped at covid pandemic situation to the consumers. The fourth factor might be labeled as consumer perception. It indicated that overall perception of consumer in online shopping and indicates the importance of this factor in the study of online shopping consumer attitude.

Table1: Rotated factor matrix of consumer's perceived risks, benefits and attitude of online shopping.

Rotated Component Matrix[a]				
	Component			
	1	2	3	4
1 Product availability	.130	**.606**	.057	.520
2.Payment risk	.147	**.663**	.185	.136
3.Quality products/services	.193	**.704**	.197	.253
4 On time delivery	.238	**.744**	.226	.018
5 Return/Refund policy of the product	.233	**.764**	.145	.078
6 Product trail/Fitness	.263	**.695**	.294	-.058
7 After sale services	.233	**.758**	.235	.094
8 Company own unique brands	.295	**.727**	.248	.010

International Journal for Innovative Engineering and Management Research
A Peer Reviewed Open Access International Journal
www.ijiemr.org

9 Order tracking channel	.254	**.756**	.166	.090
10 Delivery personnel	.327	**.739**	.147	.031
11 Time saving	**.597**	.186	.180	.494
12 Convenience in shopping	**.700**	.220	.303	.128
13Wider options of products	**.693**	.273	.223	.183
14Latest products/brands	**.777**	.301	.205	-.020
15 Price offers	**.771**	.257	.159	.060
16 Special sale events	**.797**	.241	.173	-.013
17 Verification of product information	**.719**	.248	.205	.180
18 Home delivery	**.782**	.222	.176	.046
19 Methods of Payment	**.756**	.205	.141	.253
20 Privacy policy	**.661**	.267	.183	.158
21 I feel online shopping is joy or fun	.300	.148	.394	**.644**
22 I feel really online shopping gives positive experience	.431	.224	.595	.178
23 I feel the website design helps in searching the products easily	.436	.213	.538	.275
24 I can buy the products anytime 24 hours a day while shopping online	.593	.175	.551	-.158
25 I feel online shopping takes less time to purchase	.404	.243	.560	.064
26 I like to shop online from trustworthy website	.483	.163	**.630**	-.117
27 I don't shop online ,because a fear of experiencing unnecessary tension due to shopping online	-.014	.388	**.681**	.214
28 I feel fear of misuse of my credit /debit card details while shopping online	.087	.311	**.719**	.114
29 When i have trouble in purchasing process, the website shows a sincere interest in solving it	.184	.274	**.653**	.323
30 I feel really online shopping helped in covid time	.416	.119	**.654**	-.022
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 7 iterations.				
Total variance explained by each factor is 65.285%				

Cronbach's Alpha	0.93
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.957
Bartlett's Test of Sphericity:	
Approx. Chi-Square	11396.901
D.F.	435
Significance	.000

In order to examine the perceived risks and benefits of online shopping, consumer attitude towards online shopping the mean scores are represented in the given table.

Table2: Online buyers perceptions of the three (risks, benefits and attitude) factors

Scale Statistics			
Mean	**Variance**	**Std. Deviation**	**N of Items**
39.09	59.381	7.706	10
41.66	51.398	7.169	10
39.69	51.577	7.182	10

From the table 2 given above, we can observe that there is a high mean score among the factors involved in benefits of online shopping which shows that majority of the respondents responded positively towards the benefits of online shopping. At the same time we can observe that they are facing some of the risks in the process of online shopping which directly influences on consumer attitude towards online shopping. Hence the study is deemed to be reliable for further analysis.

Table 3: Relationship between risks and benefits of online shopping with consumer attitude on online shopping

Correlation Analysis				
		Risks of Online shopping	**Benefits of Online shopping**	**Consumer attitude on online shopping**
Consumer attitude on online shopping	Pearson Correlation	.514**	.605**	1
	Sig. (2-tailed)	.000	.000	
	N	528	528	528
**. Correlation is significant at the 0.01 level (2-tailed).				

From the above correlation matrix, it is clear that Consumer attitude on Online Shopping is positively significant correlation with risks of online shopping and benefits of online shopping. Further it shows the high positive correlation with benefits of online shopping. Hence we can conclude that the drastic changes in the online shopping, consumers are getting more benefits from online shopping and also online retailers also providing and delivering the goods according the need and emergency of the consumers.

Regression analysis

The result of risks and benefits of online shopping shown as table 4; the beta values are $\beta = 0.261$, sig = 0.000 and β=.460, sig=0.000 bothvalues are less than 0.05, since the R value of 0.655 it means dependent variable (**Consumer attitude on Online Shopping**) has positive relationship with independent variables (risks of online shopping and benefits of online shopping).Since the R square value is 0.429. It means that 42.9 % of the variation explained by dependent variable (**Consumer attitude on Online Shopping**) in terms of independent variables (risks of online shopping and benefits of online shopping).

Table4: "Coefficient test of factors determining consumer attitude on online shopping"

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.033	.145		7.112	.000		
	Risks of Online shopping	.261	.034	.288	7.610	**.000**	.762	1.313
	Benefits of Online shopping	.460	.037	.465	12.296	**.000**	.762	1.313
a. Dependent Variable: Consumer attitude on online shopping R=.655 R^2=.429 Adjusted R^2=.427								

International Journal for Innovative
Engineering and Management Research
A Peer Reviewed Open Access International Journal

www.ijiemr.org

The low significant values of < 0.05 of the variable's Risks of Online shopping, benefits of online shopping are showing very strong significant impact on consumer attitude toward online shopping. Also the VIF of risks of online shopping and benefits of online shopping< 3 which shows that the multi co linearity exists. Hence, these predictors are influencing the consumer attitude towards online shopping.

Table5: Results of chi-square test

Null Hypotheses	Sig. Value	Result	Strength of Association
H0: There is no significant association between family income and their opinions on risks of online shopping	0.001	**Rejected**	26.50%
H0: There is no significant association between family income and their opinions on benefits of online shopping	0.000	**Rejected**	29.40%
H0: There is no significant association between family income and their opinions on attitude on online shopping	0.001	**Rejected**	26.50%
H0: There is no significant association between occupation and their opinions on risks of online shopping	0.000	**Rejected**	15.30%
H0: There is no significant association between occupation and their opinions on benefits of online shopping	0.000	**Rejected**	17.70%
H0: There is no significant association between occupation and their opinions on attitude on online shopping	0.000	**Rejected**	18.40%
H0: There is no significant association between education and their opinions on risks of online shopping	0.045	**Rejected**	21.90%
H0: There is no significant association between education and their opinions on benefits of online shopping	0.019	**Rejected**	23.10%
H0: There is no significant association between education and their opinions on attitude on online shopping	0.044	**Rejected**	22.00%
H0: There is no significant association between age group and their opinions on risks of online shopping	0.014	**Rejected**	23.50%
H0: There is no significant association between age group and	0.000	**Rejected**	30.70%

their opinions on benefits of online shopping			
H0: There is no significant association between age group and their opinions on attitude on online shopping	0.000	**Rejected**	31.20%

The chi square test results in table 5 indicates that the significant value is less than 0.05 and hence the hypothesis stating there is no significant differences between consumer attitudes with risks and benefits in online shopping is rejected at 0.05 level of significance. Thus there is a significant association between online consumer attitudes with risks and benefits of online shopping**.**

Conclusion
Building risk awareness and attitudes towards online shopping may increase purchase intention. This study found that the perception risks and benefits are directly affecting customers attitudes towards online shopping and increased intention to purchase. The main hypothesis of general perception risks and benefits affected consumer attitudes towards online shopping. Awareness of risks as a key perception and behavior is an important prerequisite for consideration of customer attitudes towards online shopping. Therefore, the results of the study showed that perception risks and benefits directly impact consumer attitudes, and indirectly affect the purchase intention. This study is significant and has practical implications to businesses and market in the field of online retailers in Vijayawada. It helps a view to see the impact of the perception of risks and benefits to online shopping behavior of customers in Vijayawada online market. Therefore, marketers have to take care about the risks and benefits of online shopping in order to increase the attitude and purchase intention of online shopping that could attract more customers to their website, as well as to increase their respective market share. Finally, by observing overall growth of online marketing recently, because of covid-19 pandemic, even normal people have shifted to online shopping. Marketers have to take suitable measures to develop customer relationships to continue the trend in the near future.

References:
1.Mohd Shoki MdAriff et al 2014 "Consumer Perceived Risk, Attitude and Online Shopping Behaviour; Empirical Evidence from Malaysia" Published under licence by IOP Publishing Ltd.

2.Yang B, Lester D, James S. (2007) Attitudes toward buying online as predictors of shopping online for British and American respondents. Cyber Psychology & Behavior 2007

3.Gurvinder S Shergil, ZhaobinChen (2005) "WEB-BASED SHOPPING: CONSUMERS' ATTITUDES TOWARDS ONLINE SHOPPING IN NEW ZEALAND", Journal of Electronic Commerce Research, VOL. 6, NO.2.

4.Shu-Hung Hsu(2017) "The Perception Risk of Online Shopping Impacted on the Consumer's Attitude and Purchase Intention in Hanoi, Vietnam" , Journal of Business & Economic Policy, Vol. 4, No. 4, December 2017.

5. Personal influences on consumer behaviour (2016), Jane Hemsely –brown, Izharoplatka

6.Nisha Singh (2020) "Perceived Benefits of 'Online Shopping, Trust, and Safety' & Relationship with Purchase Intension: Women Customers perspective", Journal of Xi'an University of Architecture & Technology, Volume XII, Issue VII, 2020.

7. Komal B Sharma (2020) "A study of consumer attitude towards online shopping in India and its impact", GAP GYAN, V-3 issue1.

8.Zeniagarg(2020)," A Study on Consumer Attitude towards Online Shopping", IJIRT, volume 7,issue 5.

9.D. JacqulinePon Mabel, V. Janani(2018) "Customer's Attitude towards Online Shopping" International Journal of Emerging Technologies in Engineering Research (IJETER) Volume 6, Special Issue 1.

10.U Bhojanna, P Archana (2020) "CONSUMERS' ATTITUDE TOWARDS ONLINE SHOPPING OF APPARELS IN BENGALURU CITY", Journal of Engineering Science Vol 11, Issue 4, April/2020.