

# A STUDY OF RISK PERCEPTION TOWARDS ONLINE SHOPPING IN UDAIPUR CITY OF RAJASTHAN

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**Abstract:** We are living in era of technology. The use of internet is increasing continuously in India. Internet provides great opportunity for online shopping. Online shopping provides us many benefits, it saves time and become convenience medium of shopping. The purpose of this study is to examine risk perception of consumers towards online shopping in Udaipur city. This study is based on primary data. The sample of 150 online consumers is collected for the study. Weighted mean, mean score and factor analysis is used for data analysis in this study. The study finds that which risk factors affect consumers, so consumer feel hesitate to shop Online.

**Key words:** Online Shopping, Risk, Behavior, Risk factors, Udaipur city, Product risk

## I. INTRODUCTION

Earlier, Internet was only used for research, study, web browsing, but now the era has changed and Internet is using for many more purposes like- Online shopping, entertainment. Now a days everything is Online. The great benefits of online shopping are- saves time, variety of products, coupons and offers, comparative price, privacy of products, 24×7 shopping facility, home delivery, and many more. Online shopping makes it easy to consumers to compare products at the same time on many website. Online shopping provides us a new world of opportunities and experience. Most of consumers accept online shopping but some consumers have fear towards online shopping.

Online sites directly ask consumers for their personal information and sometimes consumers feels hesitate to give such information, While shopping online consumer feels many types of risk like:

- 1.1. Financial Risk:** Consumer has fear that his/her credit or debit cards details may be misused by the seller. That's why he or she can be suffered from financial loss.
- 1.2. Product Risk:** Consumer has fear that product will not match as it is described on the website and not same as the images are shown on the website. The product can be duplicate or wrong.
- 1.3. Delivery Risk:** Consumer has fear that the product will not deliver on expected date or time and it can be damaged also while delivering. Consumer has also fear that the delivery boy can change his/her product.
- 1.4. Privacy Risk:** Consumer has fear that his/her contact details and account details, which he/she has given to the website can be misused.
- 1.5. Psychological Risk:** Consumer has fear that he/she is not able to see, touch or feel the product, so the product may not be good. He or she has also fear that if the product do not fulfil his/her expectation then the seller will refund his/her amount or not. Sometimes the consumer feels unnecessary tension after shopping online.

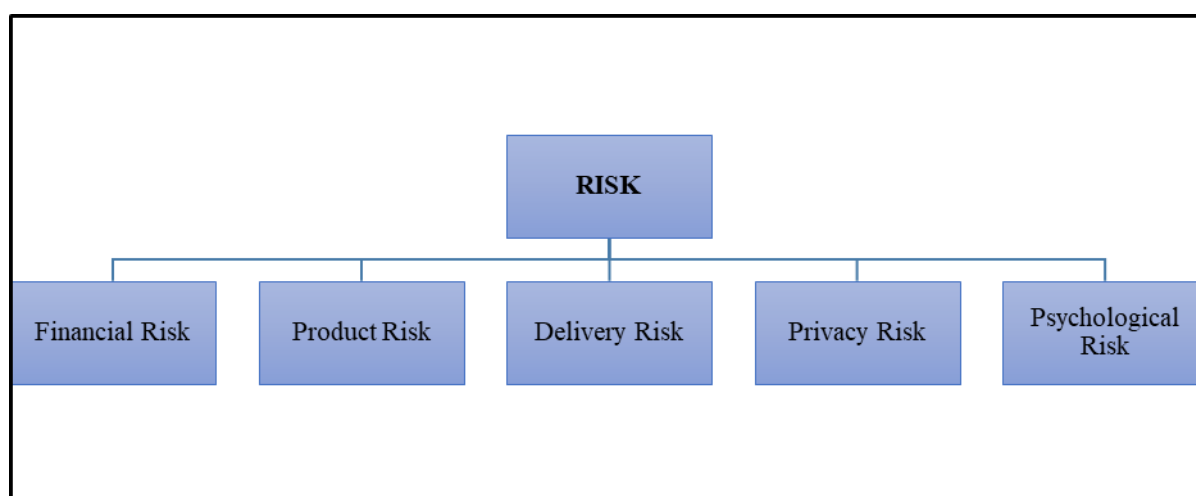


Figure 1.1: Types of Risk

## II. REVIEW OF LITERATURE

**Panwar C. (2018)** this study focuses on the consumer perceived risk in online shopping. This study found that demographic profile play an important in consumer perceived risk. Income and gender are two important factors in risk analysis. It is also founded that, product risk is very effective in garment industry.

**Sharma N. (2017)** this study is about the consumer perceived risk towards online shopping in selected cities of Gujarat. This study found that the consumers who are innovative perceive less risk than the consumers who are less innovative. In this study innovative consumer means young, educated and have higher income.

**Mathur N. (2015)** the aim of this study is to focus on perceived risk towards online shopping. It is mainly concern about misuse of credit or debit card, misuse of personal information, product risk etc. This research proved that consumer faces risks in online shopping.

## III. RESEARCH METHODOLOGY

### 3.1. Sources of Data:

There are two types of data for any research: primary data and secondary data. This study is based on primary data. The data is collected with questionnaire method.

### 3.2. Sample Size:

A total of 150 respondents from Udaipur city of Rajasthan is collected for the study. The respondents are online shoppers of Udaipur city.

### 3.3. Tools Used for Data Analysis:

For the data analysis of 5 point likert scale (strongly agree=1, agree=2, neither agree nor disagree=3, disagree=4, strongly disagree=5), Weighted Mean, Mean Score and Factor analysis is used with the help of SPSS. KMO and Bartlett's test of sphericity is used to check that the data is appropriate for factor analysis or not.

### 3.4. Hypothesis of the study:

**H<sub>0</sub>**: There is no risk in online shopping for online shopping consumers of Udaipur city.

### 3.5. Objectives of the study:

- To know consumers' risk perception towards online shopping in Udaipur city.
- To analysis the factors related to risk which affects online shopping consumers' of Udaipur city.
- To find the conclusion based on primary research and suggestions will be put forth.

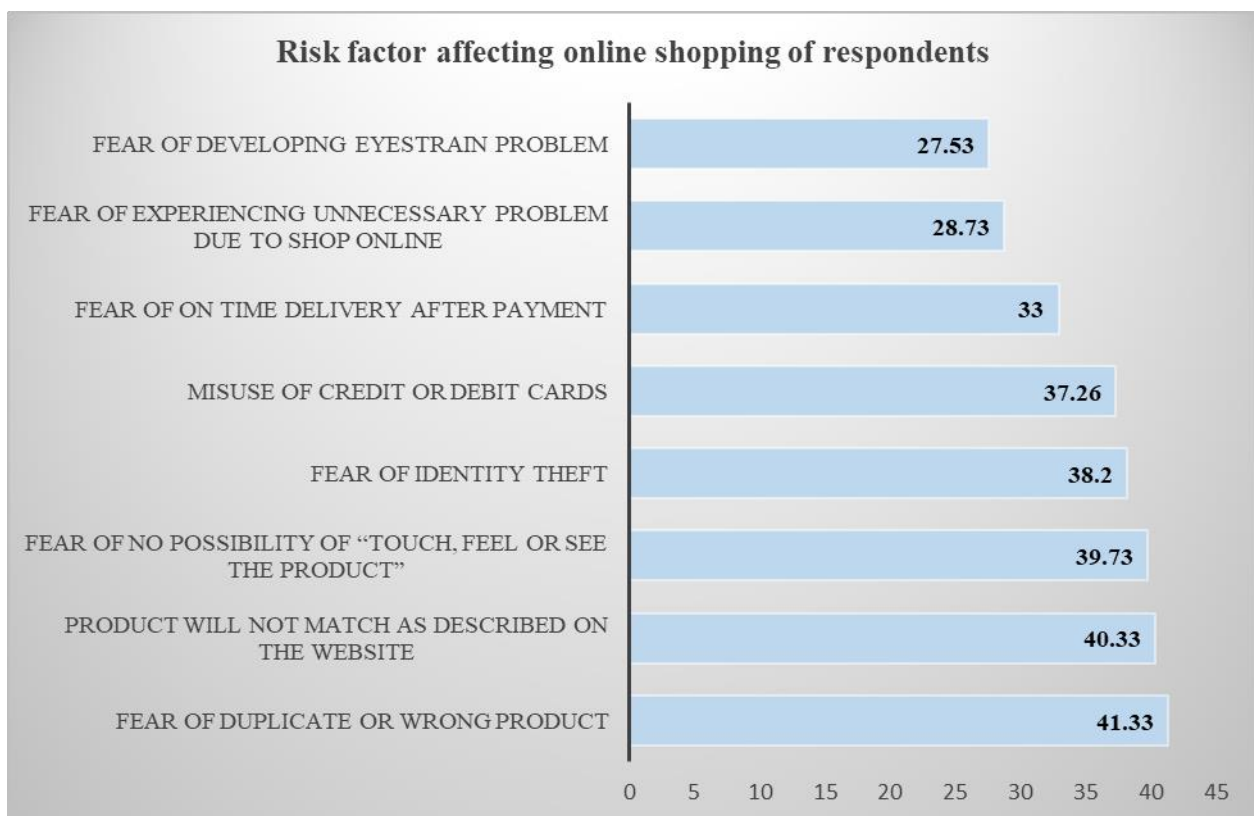
## IV. ANALYSIS AND FINDINGS

The most important step of any study or research is data analysis. For this study, sample of 150 respondents are taken for analysis. The study undertakes 8 risk factors, which affect online shoppers of Udaipur city. The two factors are related to product risk (fear of duplicate or wrong product, product will not match as described on the website), three factors are related to psychological risk (fear of no possibility of "touch, feel or see the product", fear of experiencing unnecessary problem due to shop online, fear of developing eyestrain problem), one factor is related to financial risk (misuse of credit/debit card), one factor is related to privacy risk (fear of identity theft), and last one is related to delivery risk (fear of on time delivery after payment). Firstly, weighted mean is calculated and according to weighted mean, rank is given to the factors. After that, the mean score is calculated, according to mean score the level of agreement for risk perception is found. KMO and Bartlett's test of sphericity is also calculated for data analysis. According to KMO and Bartlett's test values factor analysis is done.

Risk Factors	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Total	Weighted Total	Weighted Mean	Rank
Fear of duplicate or wrong product	70	51	14	9	6	150	620	41.33	1
Product will not match as described on the website	59	55	20	14	2	150	605	40.33	2
Fear of no possibility of “touch, feel or see the product”	48	63	29	7	3	150	596	39.73	3
Fear of identity theft	61	35	27	20	7	150	573	38.2	4
Misuse of credit or debit cards	53	38	31	21	7	150	559	37.26	5
Fear of on time delivery after payment	27	39	49	22	13	150	495	33	6
Fear of experiencing unnecessary problem due to shop online	18	19	61	30	22	150	431	28.73	7
Fear of developing eyestrain problem	11	24	62	23	30	150	413	27.53	8

Source: Primary Data

**Table 4.1: Rank Wise Risk Factors**



Source: Primary Data

**Figure 4.1: Rank Wise Risk Factors**

The main aim of this study is to analysis risk perception of consumers towards online shopping. The 5 point likert is used for determine the risk perception of consumers towards online shopping in the Udaipur city. The scale is measured as 1 (strongly agree) to 5 (strongly disagree). Mean score is calculated for each factor and the following criteria is used to calculate the level of agreement-

- The mean score among 1.00-1.80 means Strongly agree
- The mean score among 1.80-2.60 means Agree
- The mean score among 2.60-3.40 means Neither agree nor disagree
- The mean score among 3.40-4.20 means Disagree
- The mean score among 4.20-5.00 means Strongly disagree

In this study, 8 risk factors are used for the analysis which is given below:

Risk Factors	Mean Score	Level
Fear of duplicate or wrong product	1.87	Agree
Product would not be matched as described on the website	1.97	Agree
Fear of no possibility of "touch, feel or see the product"	2.03	Agree
Fear of identity theft	2.18	Agree
Misuse of credit or debit cards	2.27	Agree
Fear of on time delivery after payment	2.70	Neither agree nor disagree
Fear of experiencing unnecessary problem	3.13	Neither agree nor disagree
Fear of developing eyestrain problem	3.25	Neither agree nor disagree

Source: Primary Data

**Table 4.2: Mean Score of Risk Factors**

#### KMO Test and Bartlett's Test of Sphericity:

KMO Test and Bartlett's test of sphericity is used for the check of suitability of data for factor analysis. KMO test's high value shows that factor analysis is useful for the data. The KMO value is always between 0-1.0. For the factor analysis, KMO value should be greater than .50, otherwise the result of factor analysis will not appropriate.

Bartlett's test of sphericity uses for the test of hypothesis that shows the correlation matrix is an identity matrix. In this test small value of significance (less than .05) shows that factor analysis is useful for the data analysis.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.764
Bartlett's Test of Sphericity	Approx. Chi-Square	334.037
	df	28
	Sig.	.000

Source: Primary Data

**Table 4.3: KMO and Bartlett's Test**

In this study, KMO value is .764 and Bartlett's test of sphericity value is .000, which shows factor analysis appropriate for the data analysis.

**Factor Analysis:**

Factor analysis is used to reduce the number of variable in terms of relatively few new categories. This new categories will be factors, which will indicate the percentage of variance explained. The result are shown in table 4.4, according to result, it can be measured that the total variance explained are 57.212% and this total variance 57.212% is explained by the two extracted components. (Considering Eigen Value is greater than 1)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.279	40.991	40.991	3.279	40.991	40.991	2.612	32.644	32.644
2	1.298	16.221	57.212	1.298	16.221	57.212	1.965	24.568	57.212
3	0.87	10.873	68.085						
4	0.736	9.197	77.283						
5	0.614	7.672	84.955						
6	0.5	6.252	91.206						
7	0.409	5.115	96.321						
8	0.294	3.679	100						

Source: Primary Data

Extraction Method: Principal Component Analysis

**Table 4.4: Total Variance Explained**

Factor rotation is the most important part of factor analysis. Factor rotation helps in the factor analysis by simplifying the structure through maximizing the significant loadings of a variable on a single factor.

Table 4.5 shows that the factor analysis grouped the 8 variables into 2 factors.

Component	Factors	
	1	2
Product will not match as described on the website	.805	
Fear of Duplicate or Wrong Product	.798	
Fear of Identity Theft	.796	
Misuse of Credit/Debit cards	.632	
Fear of Developing Eyestrain Problem		.832
Fear of experiencing Unnecessary Tension Due to Shop Online		.767
Fear of on Time Delivery after Payment		.635
Fear of No Possibility of “Touch, Feel or See the Product”		.410

Source: Primary Data

**Table 4.5: Rotated Component Matrix**

Factor	Variables	Loading
Factor 1	Product will not match as described on the website	.805
	Fear of Duplicate or Wrong Product	.798
	Fear of Identity Theft	.796
	Misuse of Credit/Debit cards	.632
Factor 2	Fear of Developing Eyestrain Problem	.832
	Fear of experiencing Unnecessary Tension Due to Shop Online	.767
	Fear of on Time Delivery after Payment	.635
	Fear of No Possibility of “Touch, Feel or See the Product”	.410

Source: Primary Data

**Table 4.6: Factors Extracted**

**Factor 1:** This factor is responsible for 32.644% variance. 4 variables are grouped in this 1 factor, out of which 2 (product will not match as described on the website, fear of duplicate or wrong product) variables are related to product risk, 1 (fear of identity theft) is related to privacy risk and another 1 (misuse of credit/debit cards) is related to financial risk.

**Factor 2:** This factor is responsible for 24.568% variance. 4 variables are grouped in this 1 factor, out of which 3 variable (fear of developing eyestrain problem, fear of experiencing unnecessary problem due to shop online, fear of no possibility of “touch, feel or see the product”) are related to psychological risk and another 1 (fear of on time delivery after payment) is related to delivery risk.

### Conclusion:

Online shopping is changing the way of purchasing the products. Online shopping provides many facilities to the consumer. But in online shopping, risk is an important issue, which we can't ignore. This study shows that there are many types of risk in online shopping. This study will help e-marketers or e-retailers to understand the risk perception of consumers and which risk factor mostly affects consumers of Udaipur city. Before analysis of the data of consumer perceived risk, the necessary step is to know the types of consumer perceived risk. The study examined 5 dimensions of consumer perceived risk as financial risk, privacy risk, product risk, delivery risk and psychological risk. Further, it is divided into eight risk factors. The most effective is product risk. According to weighted mean score, “fear of duplicate or wrong product” is mostly affective factor, which affects consumer buying behaviour towards online shopping.

Based on the analysis and finding, the study identifies the following managerial implications:

- This study helps marketers to understand the risk perception of online consumers of Udaipur city.
- Marketers can adopt new strategies to reduce this risk perception and gain trust, so it will be useful for marketers to increase their consumers.
- According to study, the most effective risk factor is product risk or fear of duplicate or wrong product, so this study will help to marketer to improve their product authenticity and product description.
- According to the study, there is privacy and financial risk also found in online shopping, so it will help marketer to improve their privacy policy and payment mode.

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