

## Perceived Risk a Factor Influencing Online Shopping Consumer's Psychological Behaviour: A Study of Karnal

**Kapil Sharma<sup>1\*</sup>, Yogesh Kumar<sup>2</sup>, Rajiv Khosla<sup>3</sup>**

<sup>1</sup>Research Scholar, USB-BBA, Chandigarh University, Mohali, India

<sup>2</sup>Assistant Professor for Management, USB-BBA, Chandigarh University, Mohali, India

<sup>3</sup>Associate Professor, Institute of Management, DAV College, Chandigarh, India

\*[kapil.usb@cumail.in](mailto:kapil.usb@cumail.in)

Received: 25-October-2022

Revised: 27-November-2022

Accepted: 31-December-2022

### ABSTRACT

Online shopping is an essential component of the whole marketing process since customers place a substantial amount of trust in the when the find information about the product when contemplating potential purchases. The opinions and preferences of others have a predominant impact onto the purchasing decisions of consumers when they chose online shopping but online shopping is also affected by perceived risk which is also an important factor while shopping online. The main aim of the research is to understand the correlation between psychological risk, financial risk and time and convenience risk with online shopping. Data is collected with the 5- point likert scale questionnaire from 100 respondents. Data collected is analysed with the help of regression and Anova. The study is quantitative research. Results indicate a relationship between financial risk, physiological risk, and online shopping consumer behaviour, as well as a connection with time and convenience risk with online purchasing consumer behaviour. Therefore, the perceived risk is a crucial factor that influences the online shopping.

**Keywords:** Online Consumer, Psychological behaviour, perceived risk, financial risk, patience.

### 1. INTRODUCTION

As time passes, we are entering a period of business, innovation, and inventions, and marketing especially. The online shopping simplified and facilitated shopping for the consumer as everything is found at one place and with lots of variety. Online shopping saves time of the customers and also provides discount. Customers can make purchases from the convenience of their homes or places of employment. Everyone in the business world feels that some efforts & new strategies have had enormously positive effects on their own enterprises. The consumer behaviour is an area of research that is expanding at a rapid rate. It is a more comprehensive idea that investigates the factors that influence a consumer's choice of a product that fits their requirements or inclinations. The marketing-customer relationship has been transformed by internet marketing (Cheema & Kaikati 2010). Clients are aware from where to purchase for the respective goods. Given the increased competition, online retailers want to know why customers initially used the internet to purchase (Zhou, Dai & Zhang 2007). The online shopping is also impacted by perceived risk. Good and bad news is spread by customers and the customers can quickly blog and share product expertise online. The perception of risk possesses a direct effect on the behaviour of online shoppers and their desire to make a purchase. When the level of perceived danger held by customers is high, their desire to shop online is low; conversely, when the level of perceived risk held by customers is low, their motive to shop online is higher. Risk is quite realistic, and as far as it remains so, it will continue to influence how people behave when they shop online.

Perceived risk includes the following:

**Financial risk** Among the most common worries associated with the online shopping is imagined financial risk. Majority of internet shoppers merely engage in window shopping and prefer to purchase items in conventional ways due to apprehension about online fraud, identity fraud, credit card data manipulation, online blackmailing, and the disclosure of personal data by vendors. A financial risk is the worry that an internet purchase will result in financial loss. This risk is related to the notion that consumers fear having their credit

card information stolen, bank accounts been hacked, and also their personal accounts being traumatised, among other things.

**Time and convenience risk:** The risk associated with time and convenience is a form of behavioural risk and is associated to the manner in which the client evaluates the after-sale services, the quality of the goods, the length of the delivery delay, and the relationship with the online sellers. The quality of the online or electronic service that is being provided is a significant factor in this regard.

**Psychological risk:**

The Recognized risk could be altered or mitigated by a range of factors, like the demographics of consumer, product qualities, Internet experience, website attributes, among others, according to (Bhatnagar & Ghose, 2004). Consumers' age and level of Internet experience affect how risky they believe a product to be.

However, gender, age, and work-orientation also have some effects on internet customers. The majority of persons who use the internet for work-related activities or to communicate with family abroad are older people and those who are career-focused. The majority of women are seen utilising the internet to compare clothing labels or look for cooking recipes. It has been observed that teens and young adults utilise the internet for pleasure or educational purposes. These internet perception differences have a big impact on how people shop online (Zhou, Dai & Zhang 2007).

## 2. LITERATURE REVIEW

There are various researches being conducted in this topic like:

According to (Forsyth & Shi 2003), despite being the most advantageous and practical means to acquire numerous goods and services, most of the online buyers still make offline purchases after utilizing online data as a starting point; they opt to "window shop." Additionally, hedonistic or utilitarian shopper's shop. On a similar note (Fallon 2012) said that Hedonists purchase for pleasure; utilitarians have specific objectives. Marketing, it is said, motivates consumers and advocates. Internet marketing is similar, although fewer people visit Google's educational websites. Customers in the past were more knowledgeable about product details than today's more informed shoppers. Consumer behaviour researches how and why people make purchases. Furthermore, (Park et al. 2010) claimed that a consumer's final purchasing decision is influenced by factors like cultural and societal values, security, money, and perceived hazards. Some consumers think products will enhance or even detract from the life's quality and social relationships, and they want businesses to represent the social circles they belong to (Fallon, 2012). Furthermore, (Huang, Schrank, & Dubinsky 2004) discovered that perceived risk is defined by likelihood and consequence and was first suggested to customers in 1960. Salespeople and restricted access to goods may exaggerate the risk of internet shopping. On the similar context, (Forsyth & Shi 2003) said that all the online shopping decisions, intentions, and actions are influenced by perceptions.

Thus, it is proved that various researchers had shown their interest in online buying behaviour but very few researchers have conducted their study on analyzing perceived risk as a factor that influences online shopping Consumer Behaviour in Karnal. Thus, the aim of the research is to study the analyzing perceived risk as a factor that influences online shopping Consumer Behaviour in Karnal.

### Aim

From the above discussion it is found that the research has not been conducted in the area specifically. So, the purpose of this research is:

- Examine the association among financial risk and internet buying behaviour in Karnal.
- To investigate the association among time & convenience risk with online purchasing behaviour in Karnal
- To investigate the association among psychological risk with online purchasing behaviour in Karnal

### Hypothesis

The following are the hypothesis has been developed:

- H01: In Karnal, there is no connection among financial risk and internet buying behaviour.
- Ha1: In Karnal, there is a correlation among the financial risk and internet purchasing customer behaviour.
- H02: In Karnal, there is no connection among time and convenience risk and internet buying behaviour.
- Ha2: In Karnal, there is a correlation among the time and convenience risk and internet purchasing customer behaviour
- H03: In Karnal, there is no connection among psychological risk and internet buying behaviour.
- Ha3: In Karnal, there is a correlation among the psychological risk and internet purchasing customer behaviour

### 3. MATERIAL AND METHODS

To achieve the aim of the research study, ANOVA and regression are used and quantitative research method is followed. The primary data collection method that is questionnaire is used. Sample of 100 respondents were taken with 5-point Likert scale. Respondents were the consumers who chose online shopping. Further, respondents were taken on convenient sampling basis and total of 100 respondents will be surveyed with the help of online and offline mode of questionnaire.

### 4. RESULTS AND DISCUSSION

**Objective 1: To study the association among financial risk and Karnal consumers' online buying habits.**

**H01: In Karnal, there is no correlation among financial risk and internet buying behaviour.**

**Ha1: In Karnal, there is a correlation among financial risk and internet purchasing customer behaviour.**

**Table 1: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.175 <sup>a</sup>	.031	.023	.70715

predictors: Total financial risk, (Constant)

Table 1 displays the relationship between the measured and predicted values for the dependent variables. The table showed that 3.1% of dependent variable's fluctuation is predicted by the model's independent variable R-square is 0.03, showing that R-square evaluated shows model fits the data.

**Table 2: ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.551	1	1.551	5.123	.044 <sup>b</sup>
Residual	49.776	97	.58		
Total	51.327	98			

Dependent variable: overall consumer behaviour

b. Predictors: (Continuous), Total financial risk

As seen from table 2, the regression value is 1.551, residual value as 49.776, F-value is 5.123 and p value is about 0.044.

**Table 3: Model Summary**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.912	.257		7.648	.000
1 Financialrisktotal	.245	.147	.182	1.783	.042

Dependent variable: overall consumer behaviour

From the above table 3, it can be seen that the regression constant beta came out to be 0.182. The financial risk regression coefficient's p-value is around 0.042, less than 0.05. Therefore, null hypothesis: "there is no connection between financial risk and online shopping consumer behavior in Karnal" is rejected and the alternate hypothesis: "there is connection between financial risk and the online shopping consumer behavior in Karnal" is accepted.

Objective 2: To study the association among Time and convenience risk and Karnal consumers' online buying habits.

H02: There is no correlation between Time and convenience risk with online purchasing habit among Karnal consumers.

Ha2: There is correlation among Time and convenience risk with the online shopping consumer behavior in Karnal

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.236 <sup>a</sup>	.058	.048	.69869

a. Predictors: Total Time and convenience risk (constant).

According to Table 4, the R-value depicts the correlation among predicted and actual values of dependent variables. This model's independent variable predicts 4.8% of the dependent variable's variation R-square is 0.048 that showed model's fit to the data.

**Table 5: ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2.824	1	2.843	5.813	.018 <sup>b</sup>
Residual	47.715	97	.498		
Total	50.538	98			

Dependent variable: overall consumer behaviour

b. Predictors: Time and convenience risk total (constant).

As seen from the table 5, it could be concluded that F-value is 5.813 and the p-value is 0.018 that is less than the value significant value 0.05.

**Table 6: Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	(Constant)	1.794	.237		
1 Timeand Convenience Risktotal	.265	.109	.239	2.422	.018

Consumer behaviour overall is the dependent variable.

As seen from table 6 it could be said that p-value of the regression coefficient of risk associated with convenience and time is given by 0.018, which is less than 0.05. There null hypothesis: “there is no connection among the Time and convenience risk and the online shopping consumer behaviour in Karnal” is rejected and the alternative hypothesis: “there is connection among the Time and convenience risk and online shopping consumer behavior in Karnal” is accepted.

Objective 3: To determine the connection among psychological risk and internet buying behaviour.

H03: In Karnal, there is no connection among psychological risk and internet buying behaviour.

Ha3: In Karnal, there is connection among psychological risk and internet buying behavior

**Table 7: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.164 <sup>a</sup>	.0267	.016	.70899

a. Predictors include the entire psychological risk (constant).

R-value indicates the relationships among observed and predicted values of dependent variables, as seen in Table 7. Here, R-square is 0.016 which shows model fit to the data and further shows that 1.6% of the dependent variable's variance which can be predicted by the independent variable.

**Table 8: ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.309	1	1.308	2.610	.014 <sup>b</sup>
Residual	49.310	97	.505		
Total	50.619	98			

Dependent variable: overall consumer behaviour

b. Predictors: (Continuous), Total psychological risk

The table 8 above showed that the F-value in such instance is 2.610 and the p-value is around 0.014, lesser than 0.05.

**Table 9:** Coefficients

Model	UnstandardizedCoefficients		StandardizedCoefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.979	.239		8.283	.000
Psychological Risktotal	.194	.123	.163	1.613	.013

a. Dependent Variable: total consumer behaviour

The above table 9 showed that t value for psychological risk is 1.613 and the p-value for the coefficient of regression of the psychological risk being 0.013, which is less than 0.05. Therefore, hypothesis: “In Karnal, there is no connection among psychological risk and internet buying behaviour” is rejected and the alternate hypothesis: “In Karnal, there is connection among psychological risk and internet buying behaviour” is accepted.

### Conclusion

Online shopping is distinct from traditional shopping. Today's consumers have a tendency to act differently and wisely. The goal of this study was to comprehend the connections between monetary risk, psychological risk and time and convenience risk in relation to consumers in online purchasing behaviour. In this study, preliminary information is provided on the types of risk that online shoppers perceive and the behaviour in which they make purchases online. The study employed Anova and regression to analyse primary data that was gathered from 100 respondents. Consumer online shopping behaviour and risk perception are linked. It is vital to look into perceived risk because it affects online shoppers. Because financial risk and security risk are linked to the online consumer purchasing behaviour, they must be kept to a minimum to encourage high online shopping behaviour. Online buyers spend more money; thus, time and convenience also have an effect on the consumer behaviour. The likelihood of psychological risk predicts rising internet usage. Online shopping is positively associated with lower perceived risk. A website's decisions and operations, especially e-business ethics and customers' rights, are impacted by online buying. The study shows a link between online shopping and perceived risk. Therefore, online purchasing behaviour is influenced by perceived risk.

### References

- [1]. Bhatnagar A. & Ghose, S. (2004). Segmenting Consumers Based On The Benefits And Risks Of Internet Shopping, *Journal Of Business Research*, 57, 1352-1360.
- [2]. Cheema, A., & Kaikati, A. M. (2010). The effect of need for uniqueness on word of mouth. *JMR, Journal of Marketing Research*, 47(3), 553–563. <https://doi.org/10.1509/jmkr.47.3.553>
- [3]. Forsyth, S. M., & Shi, B. (2003). *consumer patronage and Risk perception in internet shopping*.
- [4]. Huang, W.-Y., Schrank, H., & Dubinsky, A. J. (2004). Effect of brand name on consumers' risk perceptions of online shopping. *Journal of Consumer Behaviour*, 4(1), 40–50. <https://doi.org/10.1002/cb.156>
- [5]. Park, K., & John, J. (2010). *Got to Get You into My Life. Do Brand Personalities Rub Off on Consumers*.
- [6]. Zhou, L., Dai, L., & Zhang, D. (2007). ONLINE SHOPPING ACCEPTANCE MODEL. In J. o. Research (Ed.), *CRITICAL SURVEY OF*.