Research Paper | E-ISSN NO : 2455-295X | VOLUME : 10 | ISSUE : 3 | SPECIAL ISSUE MARCH-2024

A STUDY ON CONSUMER PERCEIVED RISK IN ONLINE SHOPPING IN MADURAI CITY.

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ABSTRACT:

With the advancement of contemporary technology, people's lifestyles are changing constantly. Due to recent advances, consumers' buying behaviour has also transformed. Online shopping is replacing traditional retail purchases. The goal of this research was to learn about people's attitudes toward online shopping and to determine if customers prefer online shopping to in-store purchasing and why. The primary data for this study was gathered via a survey of 100 customers using a questionnaire. This research employed factor analysis to show that consumers' attitudes toward 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 line shopping have emerged.

KEYWORDS:

ONLINE SHOPPING, FACTOR ANALYSIS, CONSUMER PERCEPTION.

1.1 INTRODUCTION

The increased globalization of the world's economies has created many opportunities for marketers. At the same time, this has also intensified competition among businesses, so many companies are looking. towards unconventional forms of marketing. Marketing through the Internet is one such unconventional form of marketing that many companies have turned to. While many businesses are rapidly adopting the Internet as the means through which they effectively and economically conduct their marketing activities, there are many risks associated with its use. In the words of Mitchell (1999), perceived risk is a powerful index for explaining consumer behavior since consumers are more often motivated to avoid potential loss than to maximize purchasing success. This makes understanding consumers' perceived risk even more important for managers.

1.2 STATEMENT OF THE PROBLEM

In the modern world, people are busy with their work, so they will adopt online shopping. India will be the third-largest Internet user in the world. It is defined as concern for the consumer who feels discomfort and tension while doing online shopping. In general, the risk can be defined as the perception that consumers have when they purchase materials. It can broadly be defined as the harm to the consumer's self-esteem while purchasing the product.

1.3 REVIEW OF LITERATURE

Many studies have been conducted in the field of online shopping and dimensions of consumers' perceived risk in online shopping and its influence. In the word of Cornelius (1971), when buyers plan to purchase a product or service, they often hesitate to take action because they cannot be certain that all of their buying goals will be achieved with the purchase consumer behavior involves risk in the sense that any action of a consumer will produce consequences which one cannot anticipate with certainly, and some of which are at least likely to be unpleasant (Bauer, 1960), perceived risk thus can be considered as a function of the uncertainty of the consequence of a behavior and unpleasantness of the same (Cox & Rich, 1964)for each purchasing decision, consumers have several buying goals or expected outcomes of products or service, and consumers will perceive higher risk if the actual purchasing experience differs from purchasing goals. consumer perceive certain degree of risk in most purchasing decisions, but non-store purchasing decisions tend to have a higher level of perceived risk associated with them (Bhatnagar, Misra & Rao, 2000; Dollin, B, Dollin,s., Thompson, & Corner, 2005)

Benerjee Dutta, and Dasgupta (2010) identified factors that influence the attitude of Indian consumers towards online shopping. The authors found that online security is one of the most important reasons that prevents Indians from shopping online. It is obvious also, as in online shopping. consumers do have the opportunity physically examine the product while shopping, consumers are forced to rely on some limited information and pictures displayed on the site. They also perceive difficulty in returning the purchase products and also in developing trust on the integrity of the of the sellers. Apprehension regarding misuse of account information during online transactions or issues in delivery of products are some other concerns that effect consumers' online purchase actions.

1.4 OBJECTIVES OF THE STUDY

- To identify the various kinds of consumers' perceived risk in online shopping.
- To understand the consumers behavior in online shopping.
- To analyze various kind of risk in online shopping.
- To understand and analyze the customer perception about online shopping.
- To extract the factor influencing customer perception in online shopping.

1.5 RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. it may be understood as a science of studying how research is done systematically, under this study the researcher discusses about research design, source of data and statistical tool etc.....

SAMPLE DESIGN

A sample design is a definite plan for obtaining a sample from a given population.

SAMPLING METHOD

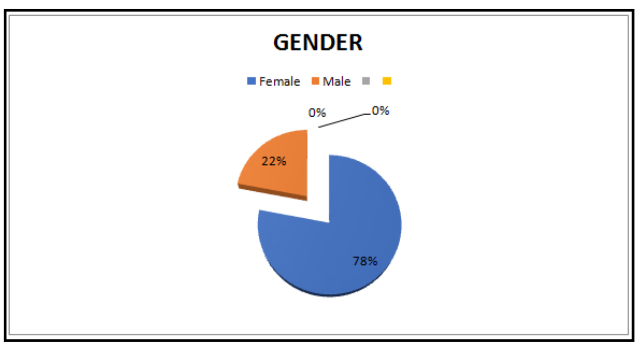
The sample was drawn using convenience sampling method. The total sample size was chosen 100.

1.6 DATA ANALYSIS:

TABLE 1.6.1.GENDER BASED CLASSIFICATION

GENDER	NO. OF RESPONDENTS	PERCENTAGE
Female	78	78%
Male	22	22%
Total	100	100

Source: Primary data



(Source: Primary Data)

INTERPRETATION:

This table shows that majority of users are male. 78% of the users are male and 22% users are female. Females are not ready to buy online. Because they are not ready to bear risk.

TABLE 1.6.2 MONTHLY INCOME BASED CLASSIFICATION

INCOME CLASS	NO. OF RESPONDENTS	PERCENTAGE
10000-20000	12	12%
20000-30000	14	14%
30000-40000	34	34%
Above 40000	40	40%
Total	100	100

(Source : primary data)

INTERPRETATION:

In the above table shows that the shopping habit on the basis of their income. 40% of the users are monthly income above Rs.40000 while only 12% of users are between Rs.10000-20000. 34% of users monthly income is between Rs.30000 – 40000.

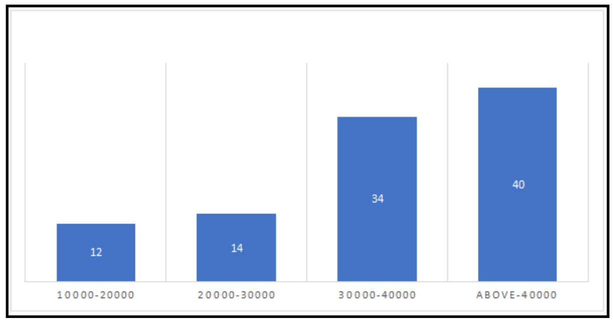
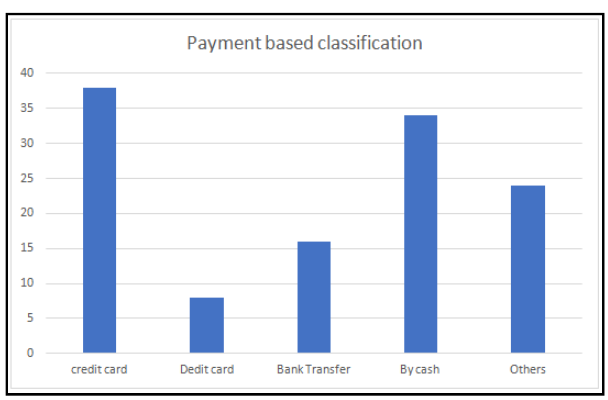


TABLE: 1.6.3 PAYMENT BASED CLASSIFICATION

PAYMENT OPTION	NO. OF RESPONDENTS	PERCENTAGE
Credit card	38	38%
Debit card	8	8%
Bank Transfer	16	16%
By cash	34	34%
Other	24	4%
Total	100	100

Source: Primary data

CHART 3 PAYMENT BASED CLASSIFICATION



(Source: primary data)

INTERPRETATION:

Most of the users adopt credit card media to payment of online shopping.38% of users adopt credit card system and 34%of users adopt payment method is cash on delivery. While last important payment option is debit card.

FINDINGS

1. Majority of the users are between the age group of 26-32

2. Majority of the users engaged in online shopping are male 78%

3. Higher income group are big buyers of online products.

4. E-bay.com is the most popular online shopping sites.

5. In online shopping most demanded goods are electronic goods and clothing

6. The most of the users adopt credit card for payment of online shopping (38).

7. The most motivated factors of online shopping is time saving and getting latest product.

CONCLUSION

This study is related to the consumers' perceived risk in online shopping. Online shopping is the largest shopping system in the world. Because the people are busy with their work. They have no time for visit the shop. So they go for shop through online. But money risks associated with issues, this study conclude that young consumers are easy targets for online marketers standardized and trendy product will be in demand on the internet. Also, respondents belonging to the higher income group are big buyers of online products as product risk is less in their case, this study identified four dimensions of consumers' perceived risk in online shopping. These are financial risk, product risk, time/convenience risk and delivery risk. This study revealed that financial risk is higher than other risk. Time/convenience is second largest risk in online shopping. Product risk is low risk in online shopping. Also, the delivery risk is least risk. There is risk perception is not same among male and female group.

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