

A STUDY ABOUT THE PRODUCT RELATED RISKS AND BENEFITS FACED BY CUSTOMERS ON ONLINE SHOPPING

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ABSTRACT

It has been noticed that in the era of 20th century many political, social and economical changes have occurred. Globalization has played a very important role. As a result of globalization many technological development has happened and has deeply affected the current rules of the business world. According to Li Na and Zhang Ping, (2002) examined and concluded that online shopping has become the third most popular Internet activity. The other activities are E - mail, instant messaging and web browsing. According to Jush and Ling, (2012) online shopping is the process where customers purchase a service or product over the internet. In E-Commerce US has flourished with sales figure of \$204 billion which is a decent hike of 17% from the previous year. Amazon has grown with an estimated turnover of US \$ 2.5trillion. E-Bay has risen to US \$ 1.89 billion in 2009. Most of the present literature research regarding convenience has focused on the brick - and - mortar traditional retail environment. There has been comparatively less exploration into convenience in online shopping. Tomar et al. (2017) carried a research on “Perceived Benefits of Online Shopping: Cognitive and Conative Influences”. The study identifies those perceived benefits of online shopping (PBOS), and categories them into meaningful factors. The study also examines the conative and cognitive influences of perceived benefits of online shopping on consumer’s attitude. The following statistical tools were used for analysis namely: Measures of Central Tendency and Dispersion (Mean and Standard Deviation) and Correlation. The respondents purchase their requirements in online; the research analysis concludes that the benefits and the risk faced by the customers are in the same level. Even though the respondents purchase goods and products in online they face much uncertainty and it is causing a non motivational aspect to them for their future purchase. A service facility where payment can be made after Product verification straight in front of the delivery boy should be encouraged. When products delivered are not in good condition, buyer return’s it back. Under such circumstances, buyer ends up paying one more time delivery charges. This levy should be extracted.

KEYWORDS: Product Related Risks and Product Related Benefits, Online Shopping

INTRODUCTION

It has been noticed that in the era of 20th century many political, social and economical changes have occurred. Globalization has played a very important role. As a result of globalization many technological development has happened and has deeply affected the current rules of the business world. With a drastic change in the Information technology, computers have become an integral part of the life.

According to Hsieh et al., (2013) if you compare the people in present with people in past, most of the people’s life are influenced by Internet. Individuals have shifted to virtual environment rather from physical conditions. The shopping and payment surroundings have shifted from physical store and banks to online stores and online banking

respectively. According to Li Na and Zhang Ping, (2002) examined and concluded that online shopping has become the third most popular Internet activity. The other activities are E - mail, instant messaging and web browsing. According to Jush and Ling, (2012) online shopping is the process where customers purchase a service or product over the internet.

Information technology and communication technology have rapidly improved. Information flows from one source to the other. Information technology has gradually picked up in such a way that it delivers the message in nano seconds through Internet facility. Nowadays computer and the Internet have been indispensable tools for our daily life in conjunction with the rapid development of knowledge and technology. Most of the users or individuals depend on internet for any type of information. Because of the growth of this new technology 'Internet' individuals have started exploring and finding everything they want using this medium and it becomes a part of our social life and business life as well.

History of Online Shopping

The history of ecommerce was recognized after people felt the need to send "interactive content" to be displayed on television. As a result Videotex came into being. Michael Aldrich of Redifon Computers Ltd offered the concept of teleshopping and did good business in UK (1979). Then Minitel was launched in France and UK. In UK, the concept was not that successful. Minitel Succeeded Videotext as online service. The services included online purchases, check share market, search telephone directory and could even chat. This is supposed to be one of the best telephone services when compared to the latest WWW (1982).

Introduction of Swreg (offshoot of CompuServe) benefited the software industry. They got an online market to sell their product using "Merchant account" (1987).

Tim Berners - Lee wrote the World Wide Web. This was a revolution to the world which is ON till date. He gave the first browser to view the web which changed most of thing (1990).

Netscape released Navigator browser. Later they introduced Secure Sockets Layer (SSL) encryption for secure transaction. Pizza Hut started using online ordering on their webpage. Also automobile and few more industries started selling on the internet (1994).

Amazon.com started selling products online. Then Radio HK and Net Radio started broadcasting. Dell and Cisco began online transaction. EBay started online auction (1995)

United States sold Electronic postal stamps online wherein they could be purchased and downloaded for print (1998).

The dot - com bust as we know it today wasn't something that happened in a day, over speculation for a period of time (approx. 1995 - 2000) where just the prefix "e - " or ".com" in names could make stock prices rise at great rates. This saw a great many companies rise and fall (2000).

PayPal the company which offered an alternative (through internet) to cash or check payment was acquired by eBay for \$1.5 billion. CSN Stores have more than 200 online shops e.g. cookware, com, everyatomicclock.com, strollers.com.

In E-commerce US has flourished with sales figure of US \$ 204 billion which is a decent hike of 17% from the previous year.

Amazon.com has grown with an estimated turnover of US \$ 2.5 trillion.

ONLINE E - COMMERCE PORTALS

Flipkart.com

Flipkart is one of the most popular webs - site in India. Flipkart is an E commerce marketplace company, founded in 2007 by Sachin Bansal and Binny Bansal. His company is registered in Singapore, but has its headquarters in Bangalore, Karnataka, India. They sell Gadgets, Books, Home Appliances, and Computer Peripherals. They have a vast collection of cameras, laptops, cell phones and games etc. Flipkart has successfully implemented like cash on delivery, 30 - day replacement policy, EMI options etc.

Snap Deal

Snap deal emerged as daily deals platform on 4th Feb 2010 by Kunal Bahl and Rohit Bansal. It expanded in September 2011 as online market place. Snap deal is India's largest online seller. Products sold through this platform are more than 10 million in diversified form. Actor Aamir Khan was the Brand Ambassador for Snap deal and latter in 2016 he was terminated due to flake statement about Snap deal. Nexus Venture partners and Indo-US venture partners invested on Snap deal and funded of \$12 million in January 2011. E-bay funded \$50 million. They also acquired many on-line sellers like Grabbon.com, esportsbuy.com. Snap deal offers inventory at cheap price. It offers 90% discounts on dining, health and beauty service.

Infibeam.com

It looks somewhat similar to Flipkart. Infibeam is an Indian internet and E - commerce conglomerate involved in online retailing, E - commerce software and internet services. The company is headquartered in Ahmedabad, India. It is an online retailer for books, electronics, and automobiles in India. Started in 2007, the company has offices in Ahmedabad, Delhi, Mumbai and Bangalore. Total 1300 employees are employed. Products of Infibeam are e-book reader, Infibeam Pi, media device etc. Infibeam became India's first E - commerce company to file an IPO, in July 2015

ShopClues.com

Headquarter of ShopClues is in Gurgaon, India. Company was founded in 2011 in California Silicon Valley by Radhika Aggarwal. There are 1200 registered merchants. 42 million visitors visit this site annually. This company was the 32nd enterant in Indian E-commerce. 700 people are employed. The business results are really something to be noticed. Jan 2013, ShopClues posted revenue of Rs. 8 crore and dealt with more than 11 lakh transaction.

Product Risk and Benefits Encountered by Customers during Online Shopping

When it comes to online shopping, there are several risks and benefits involved. "**Risk**" is a probability or threat of damage, injury or liability, loss, or any other negative occurrences that is caused by external or internal vulnerabilities, and that may be avoided through preventative action. "**Benefits**" means Advantage, privilege, right or financial reimbursement.

One of the biggest revolutions in the history of our economy is emergence of Retailing through Online platform. In common, there are many risks and benefits in online shopping - Product and Financial Risks and Product and Financial benefits. If the product risk is high, it is obvious that motivational intensity of the buyer will go low down. At the same

time if the Product risk is low, Motivational intensity will be high, vice - versa for Financial Risks and benefits. Few risks found were Fake on line Reviews, Lack of full cost disclosure, Counterfeit products, Order never arrives, Identity theft. The benefits of online shopping are save time, comfortably place order, avoid travelling and reduce stress, no need to arrange instant cash where payment can be done at the time of delivery through debit or credit card, less expensive, avoid compulsive shopping and explore different varieties of goods.

Though some companies offer free flat rate shipping, it still may come at a cost. If you're an impatient person, waiting for your product to be delivered can be a pain. If an item is not delivered as per order or comes damaged, it is obvious that customer returns that product or desire to get the refund. Each seller will have their own policies for returned goods or refunds. This is a prolonged and tedious process since the goods has to be shipped back and customer has to wait for the payment refund.

When you are buying from online stores make sure that you check out the following to avoid those risks and avail more benefits – Check the Terms and Conditions. Do online sellers secure your privacy and maintain confidentiality? Do they have privacy policy written in the website? Customers need to check reviews from customers about the product. Need to verify seller's reputation and authenticity. Also customers should know how old the company is?

IMPORTANCE OF ONLINE PURCHASE

Most of the present literature research regarding convenience has focused on the brick - and - mortar traditional retail environment. There has been comparatively less exploration into convenience in online shopping. The fact that online shoppers can gain access to a vast amount of information on goods and services they are interested in also relates to convenience. E - Retailers can use this to their advantage and create loyalty amongst customers (Jiang et al., 2013). One of the recompense of shopping online is that there is no need for vehicles, so no purchase of fuel necessary. In online shopping, do not need to waste precious energy when buying. The advanced innovation of search engine allows easily checking prices and comparing with just a few clicks.

REVIEW OF LITERATURE

The act of describing a study on a particular topic already published by recognized researchers and scholars. The two broad purposes of literature review are its ultimate goal is to bring the research gap up to date relating to a research problem and forms the basis for another goal such as the justification for future research in the area.

Tomar et al. (2017) carried a research on “Perceived Benefits of Online Shopping: Cognitive and Co native Influences”. The study identifies those perceived benefits of online shopping (PBOS), and categories them into meaningful factors. The study also examines the co native and cognitive influences of perceived benefits of online shopping on consumer's attitude. Sample of 300 respondents who have had some prior experience of online shopping were included in study for data collection. The study involved exploratory factor analysis on perceived benefits of online shopping wherein seven factors were identified as important benefits which are convenience, empowerment, discreteness, individualism, reach, price advantage and autonomy. Structure Equation Modeling (SEM), based path analysis was undertaken to find the interrelation between perceived benefits of online shopping (PBOS), benefit evaluation of online shopping (BEOS), online shopping advocacy (OSA), and future online purchase intentions (FOPI).

Alam and Elaasi (2016), in their study about “A Study on Consumer Perception towards E - Shopping in KSA”. They studied that, in this era, marketers have numerous challenges due to the changes in human behavior, purchasing habit and their consumption pattern. Marketers are depending on internet for online shopping. The objective of this study is to understand in-depth about customer perception on online shopping. Also to understand how comfortable customers are with online payment methods and risk factors involved. A survey was done among 128 respondents of Saudi Arabia. Data was collected using questionnaire. 73 % people are comfortable with e-shopping and 44% use credit card to shop. The only concern was quality of the product.

RESEARCH METHODOLOGY

The research objective for the present study includes exploration and description. A research design is the plan of a research study. A Research Design is a documented plan which describes the method to collect measure and analyse the data. The data collected for the study includes primary and secondary data. This research has an applied questionnaire as the research instrument for collecting the data. The internal consistency of the questionnaire was tested by one of the most commonly used reliability coefficient that is the Cronbach's Alpha coefficient. It is based on the average correlation of items within a test, if the items are standardised to a standard deviation of 1, or on the average, covariance among items on a scale, if the items are not standardised. The calculated overall reliability coefficient has exceeded 0.8 and appears to be consistently high across the entire variables.

Sampling and Sampling Selection

The study is descriptive in nature, with the sampling method of simple random sampling. The researcher has considered the same and identified 784 respondents for the study, with a confidence level of 95 percent and confidence interval of 3.5 percent. On an average 850 questionnaires were distributed and 810 were received. The remaining 40 questionnaire were biased and unanswered. The Demorgan's table and formula was used to consolidate the sample selection from population.

Tools for Data Analysis

Data presentation involves entering the data, checking the data for accuracy, and developing a database structure that integrates the various measures. Hence, the collected data were fed into Statistical Package for Social Sciences (SPSS) 20 version and Analysing Momentum of Structures (AMOS) 18 version, popularly used statistical software for social research analysis. The following statistical tools were used for analysis namely: **Measures of Central Tendency and Dispersion (Mean and Standard Deviation) and Correlation.**

ANALYSIS AND FINDINGS

This part measures the perceived risk (products) and perceived benefit (products). The perceived risk (products) has three variables like delivery, trust and service protocol. The perceived benefit (products) has three variables like expectations, customer satisfaction and signature experience. This variable is measured using the standard measurement scale (Five - point scale of Likert) ranging from “5” = strongly agree, “4” = agree, “3” = moderate, “2” = disagree and “1” = strongly disagree.

Table 1: Mean Scores and Standard Deviation for overall Perceived Risk (Products) and overall Perceived Benefit (Products)

Measuring Variables	Mean	Sd
Delivery	2.78	0.729
Trust	2.95	0.821
Service Protocol	2.96	0.836
Mean Score of Perceived Risk (Products)	2.90	0.688
Meeting Expectations	3.71	0.574
Customer Satisfaction	3.87	0.696
Signature Experience	3.52	0.584
Mean Score of Perceived Benefit (Products)	3.70	0.508

The respondents are having a moderate feeling towards the dimension “overall perceived risk (products)” with a mean value of 2.90 and with a standard deviation of 0.688. The respondents agree towards the dimension “overall perceived benefits (products)” with a mean value of 3.70 and with a standard deviation of 0.688.

H₀: There is no significant relationship between the variables of perceived risk (products) and perceived benefit (products)

Table 2: Correlation between the variables of Perceived Risk (Products) and Perceived Benefit (Products)

Variables		Meeting Expectations	Customer Satisfaction	Signature Experience	Perceived Benefit (Products)
Delivery	PC	-.127*	-.125*	-.056	-.127*
	Sig.	.000*	.000*	.109	.000*
	N	810	810	810	810
Trust	PC	-.124*	.129*	.093*	.048
	Sig.	.000*	.000*	.008	.175
	N	810	810	810	810
Service Protocol	PC	-.228*	-.018	-.248*	-.189*
	Sig.	.000*	.601	.000*	.000*
	N	810	810	810	810
Perceived Risk (Products)	PC	-.187*	.000*	-.083*	-.103*
	Sig.	.000*	.990	.018	.003
	N	810	810	810	810
*. Correlation is significant at the 0.01 level (2 - tailed).					
*. Correlation is significant at the 0.05 level (2 - tailed).					
PC – Pearson Correlation Value					
N – Number of Respondents					

Positive Correlation

The variable customer satisfaction has positive correlation with trust (0.129) and perceived risk (products) (0.000). And finally the variable signature experience has positive correlation with trust (0.093).

Negative Correlation

The variable meeting expectations has negative correlation with delivery (- 0.127); trust (- 0.124); service protocol (- 0.228) and perceived risk (products) (- 0.187). Similarly the variable customer satisfaction has negative correlation with delivery (- 0.125). Similarly the variable signature experience has negative correlation with service protocol (- 0.248) and perceived risk (products) (- 0.083). And finally the variable perceived benefit (products) has negative correlation with delivery (- 0.127); service protocol (- 0.189) and perceived risk (products) (- 0.103).

No Correlation

The variable customer satisfaction has no correlation with service protocol. Similarly the variable signature experience has no correlation with delivery. And finally the variable perceived benefit (products) has no correlation with trust.

CONCLUSIONS

The respondents purchase their requirements in online; the research analysis concludes that the benefits and the risk faced by the customers are in the same level. Even though the respondents purchase goods and products in online they face much uncertainty and it is causing a non motivational aspect to them for their future purchase.

RECOMMENDATIONS

Online sellers should actively monitor the review column and must take preventive measures to improve their online system. Delivery time of the product should be reduced. Products should be delivered in good condition. It has to be delivered as per the specifications of the customer. Quality of the product has to be taken care. They should collect feedback from all their potential customers and update the same in their online review column to gain confidence of their customers. Post sales service should be catered, especially for electronic goods. A service facility where payment can be made after Product verification straight in front of the delivery boy should be encouraged. When products delivered are not in good condition, buyer return's it back. Under such circumstances, buyer ends up paying one more time delivery charges. This levy should be extracted.

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