

The Impact of Perceived Risk on the Online Shopping Attitude of Cosmetic Products in Tirunelveli City



Management

KEYWORDS : online shopping, cosmetics, regression, perceived risk

R.Subhalakshmi

PhD Research Scholar, Department of Management Studies, Manonmaniam Sundaranar University, Tirunelveli

Dr.P.Ravi

Assistant Professor, Department of Management Studies, Manonmaniam Sundaranar University, Tirunelveli

ABSTRACT

This study aims at identifying the different types of perceived risk having influence on the attitude of purchasing cosmetic products through Online shopping medium. This study has attempted to fulfill the objectives by making use of regression analysis so as to find the level of influence of perceived risk types on online shopping attitude. The study follows an inferential research with 221 online cosmetic shoppers as samples. The study has followed a non probability convenience sampling technique to extract the sample respondents. The results shows that financial risk, information risk and time risk are the three major types of perceived risk which has influence on the customer attitude towards online shopping of cosmetic products. The scope of the study is limited to the customers of Tirunelveli district and in particular to cosmetic industry.

INTRODUCTION

Though, in 2012, India had the smallest B2C ecommerce market size and customer spending power, the country currently ranks third among the emerging markets and fourth among the Asia-Pacific countries. This incredible growth of online shopping in the past few years, together with the existence of innumerable online vendors, has made the research activities on E-retailing a crucial thing. There are many psychological factors that influence the acceptance of online shopping medium: Perceived risk, perceived benefit, perceived ease of use, perceived eservice quality and so on. Among all, perceived risk seems to be a major and intricate factor that restricts individuals from making an online purchase. Though there are several categories of products being sold through internet, cosmetics seems to be an attention-grabbing category which needs more involvement at the time of purchase such as- smell, texture, colour, appropriateness and so on. In this paper, the researcher aims to study the impact of a psychological factor-perceived risk on attitude towards online shopping of cosmetics products.

REVIEW OF LITERATURE

Ye Naiyi (2004) has made research on various dimensions of perceived risk that includes Fraud, Delivery, Financial, Process and time loss, Product, Privacy, Information risk. Factors on attitude towards online shopping viz., Financial risk, Product, Convenience, Non-delivery, Infrastructural variables, Return policy are considered by Mojtaba Nourbakhsh Habibabad et al. (2012). Personal risk is a new dimension which combines physical and psychological risk factors as put forth by Shannon-Jane Ward (2008). Shannon also focused on Performance risk, Time risk, and Social risk dimensions in her study. While Shannon has attempted to telescope the number of variables by finding the bond between them, Zhao Hong, Li Yi (2012) has put efforts to include all dimensions in his study: financial risk, time risk, performance risk, psychological risk, physical risk, delivery risk, social risk, private risk, resource risk, service risk. In the same year, Theodosios Tsiakis also has published his view on perceived risk. Apart from perceived risk, certain other factors have taken part in the study of Meng-Hsiang Hsu, Chao-Min Chiu (2004) towards eservice acceptance: Perceived usefulness, perceived playfulness, perceived risk, self efficacy, subjective norms and perceived behavioral control. Supporting this, Ellisavet Keisidou, Lazaros Sarigiannidis, Dimitrios Maditinos (2011), have paid attention to consumer characteristics, personal perceived values, website design and product factors for Acceptance of Online shopping.

OBJECTIVES OF THE STUDY

The main aim of the study is

To identify the different types of perceived risk that has influ-

ence on consumer attitude towards online shopping of cosmetics products in Tirunelveli city

To frame a regression equation with the statistically significant types of perceived risk influencing the consumer attitude towards online shopping of cosmetics products in Tirunelveli city

HYPOTHESIS

H1: There is no relationship between the perceived financial risk and the customer attitude towards online shopping of cosmetic products

H2: There is no relationship between the perceived risk of delivery of products and the customer attitude towards online shopping of cosmetic products

H3: There is no relationship between the perceived product risk and the customer attitude towards online shopping of cosmetic products

H4: There is no relationship between the fear of losing personal details and the customer attitude towards online shopping of cosmetic products

H5: There is no relationship between the perceived information risk and the customer attitude towards online shopping of cosmetic products

H6: There is no relationship between the perceived social risk and the customer attitude towards online shopping of cosmetic products

H7: There is no relationship between the fear on loss of time and the customer attitude towards online shopping of cosmetic products

H8: There is no relationship between the perceived personal risk and the customer attitude towards online shopping of cosmetic products

METHODOLOGY

This study aims at identifying the different types of perceived risk that influences customer attitude towards online shopping of cosmetic products in Tirunelveli city. The researcher has undergone an inferential research using the non probability sampling technique-convenient sampling. 250 online shoppers were made to participate in this research among which 221 questionnaires were valid. The respondents are those who have made at least one online cosmetic purchase prior to the research. Based on the review of literature, a questionnaire with 30 items

with five point Likert scale ranging from “strongly disagree” to “strongly agree” was developed. Pilot study was conducted with 30 samples and the reliability of the questionnaire was checked using Cronbach’s alpha. The results showed that the alpha value for all items is above 0.7 which proves the good reliability of the questionnaire which was used by the previous researchers. Regression analysis was used to test the hypothesis of this research (SPSS 18.0).

ANALYSIS AND INTERPRETATION

Table:1 Demographic profile of respondents

Demographic factor	Frequency	percentage
Age		
20 and below	41	18.6
21-30	114	51.6
31-40	44	19.9
Above40	22	10.0
Gender		
Male	125	56.6
Female	96	43.4
Income		
20,000 and below	68	30.8
20,001-30,000	20	9.0
30,001-40,000	84	38.0
Above 40,000	49	22.2
Employed		
Yes	114	51.6
No	107	48.4
Education		
HSC/Diploma	10	4.5
UG	86	38.9
PG/Higher	125	56.6
Internet experience		
Less than 1year	5	2.3
2-5 years	151	68.3
6-10 years	54	24.4
More than 10 years	11	5.0

The above table implies the demographic profile of the respondents who have participated in this research. Most of the respondents were youngsters (51.6%), male (56.6%), the high income group (38.0%), employed (51.6%), with high level of education (56.6%) and with an internet experience of 2 to 5years (68.3%).

MULTIPLE REGRESSION

The multiple regression is run by using all the independent variables at first, in which Table:3 shows the significant value of Anova as 0.001 indicating the existence of impact of at least one independent variable on the dependent variable. From Table:4 Model Summary, it is implied that R Square value is 0.111 which implies the percentage of total variance in Y that is explained by all the independent variables in the regression equation.

Table: 3 Anova

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	235.625	8	29.453	3.292	.001 ^a
	Residual	1887.812	211	8.947		
	Total	2123.436	219			

a. Predictors: (Constant), personal risk, delivery risk, privacy risk, financial risk, social risk, information risk, product risk, time risk

b. Dependent Variable: shopping attitude

Table: 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.333 ^a	.111	.077	2.991

Predictors: (Constant), personal risk, delivery risk, privacy risk, financial risk, social risk, information risk, product risk, time risk

Table: 5 Coefficients

Model	B	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	11.968	1.399		8.557	.000
	financial risk	.215	.089	.191	2.409	.017
	delivery risk	-.056	.086	-.062	-.645	.519
	product risk	-.178	.141	-.129	-1.263	.208
	privacy risk	-.021	.084	-.020	-.251	.802
	information risk	-.567	.148	-.346	-3.820	.000
	social risk	.026	.079	.027	.330	.742
	time risk	.379	.108	.402	3.497	.001
	personal risk	.017	.060	.021	.286	.775

a. Dependent Variable: shopping attitude

The beta value is obtained for all independent variables from Table: 5 which prove that financial risk (0.017), information risk (0.000) and time risk (0.001) are only statistically significant in the model. Therefore, the equation is

$$Y = 11.968 + 0.215 \text{ financial} - 0.567 \text{ information risk} + 0.379 \text{ time risk}$$

DISCUSSION

The regression analysis strongly authenticates the relationship between the independent variables- financial risk, information risk and time risk towards the dependent variable- customer attitude towards online shopping of cosmetic products. The other independent variables – delivery risk, product risk, privacy risk, social risk and personal risk are insignificant as they are not much considered by the customers compared to the other three. In other words, null hypothesis H1, H5 and h7 are rejected and H2, H3, H4, H6 and H8 are accepted. The online companies should make necessary steps to improve the safety of financial details provided by the customers by on-time passwords, etc. Since, cosmetics are applied directly on the skin or hair or any parts of the body, it is vital for the retailers to further increase the depth of information provided to the customers about the products, its usage, its nature, side effects, answering the questions such as: why, where, when, how and what products should be used. It is recommended to provide an online customer care service to answer the queries of the customers. The time delay of product delivery and the time spent to search the exact product are also considered to a greater extent. This may be due to the availability of giant number of brands in the market, the search of products may be hectic for the customers. The website can be designed in such a way the products are arranged in different categories so as to reach the destination easily. Rectifying these types of risks, the online cosmetic companies can reach the customers of Tirunelveli district in a superior level.

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