

A Study on Risk Factors Influencing The Online Buyers With Special Reference To Chennai



Management

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ABSTRACT

The paper addresses the use of the Internet to provide business development services such as training, consulting, counselling and networking. Using Delphi technique different factors, possible uses of the Internet as well as criteria for successful implementation are presented. Three critical success factors for providing online services are identified. First, an effective use of online resources requires that the inherent strengths of the Internet be exploited. Using online tools when they are perceived to be a 'second-best' mode of communication is inefficient and can be counterproductive. Second, personal contact is still very important and can complement online services. Third, successful online services require an effective Internet site and program management. The study is conducted in the Chennai region with a sample of 136. The sampling technique used is simple random sampling technique. Questionnaire method is followed for data collection. The study also shows that lack of trust has remained one of the barriers to online shopping, this study is intended to explore the factors that affect the perceptions of trust for students' intent to participate in online shopping. An efficient/effective pure online training program for entrepreneurs would be very difficult if not impossible to develop and implement.

Introduction:

Since the inception of the World Wide Web (www) and users response to this technology, businesses ranging from small to large corporations, including financial institutions have opened up opportunities for consumers to purchase their products online. Online shopping has, however, remained debatable among the students and the educated public. Some people argue that online shopping on the internet is not safe, not practical and would lead to fraud, but also quite.

A lot of people think online shopping is now safer, more flexible in time and can be done anywhere and anytime. Robinson (2000) reported that half of the people that have tried online banking services will not become active users. Highly publicized cases involving major security failures might have contributed to the public concern and lack of confidence and acceptance of Internet banking. However, any business relationship including ecommerce relationships depends on trust. Lack of trust has remained one of the causes for consumers not purchasing online (Lee and Turban, 2001). People are still not inclined to do online shopping because of the lack of trust towards this online environment. Trust plays a predominant role for facilitating and enhancing e-transactions between consumers and vendors.

Because of rapid growth of internet users in Malaysia since 2000 (see table1) and Malaysians government efforts to promote itself heavily as an information technology hub in the Asia region since 1990, ebusiness in this country has become more and more attractive than before, giving online shopping more bright and promising look ((Louis and Leon, 1999 cited in Narges et al, 2009) and students in this country enjoy purchasing books/journals/magazines through the internet (Suki et al. 2006). Despite there is not enough evidence of its acceptance amongst customers, especially the students. Though a number of studies explored the factors that affected the consumers intention to trust, little is known about students intent to trust for online vendors.

Literature Review:

The typical Internet user of the twentieth century is young, professional, and affluent with higher levels of income and higher education (Palumbo and Herbig, 1998). They value time more than money which automatically makes the working population and dual-income or single-parent households with time

constraints better candidates to be targeted by non-store retailers (Burke, 1997). Actually, both demographics and personality variables such as opinion leadership or risk evasiveness are very important factors that are considered in studies trying to determine the antecedents of Internet purchases (Kwak et al., 2002). Confirmatory work shows that income and purchasing power have consistently been found to affect consumers' propensity to shift from brick-and-mortar to virtual shops (Co-mor, 2000). Sohn and Ahn (1999) showed that consumers' knowledge affects their adoption of ecommerce. Liang and Huang (1998) Found that customers experience an important factor in online purchasing. Kim and Kwon (1999) contended that a consumer whose lifestyle is more progressive and assertive in leisure activities use the internet more frequently and searches information through the internet more often. Limayem, Khalifa et al. (2003) added personal innovativeness as another personal characteristic in order to online shopping.

The KNP Report on the Internet User (Research 1999) published by IM Research showed that user satisfaction with the website is decided by information quantity, design, transmission speed, user-friendliness of search structure, and update pace. F.Cunningham, H.Gerlach et al. (2005) found perceived risk is present at each stage of the consumer buying process. Their findings show the introduction of financial risk and the continued significance of performance risk at purchase stage. Based on McIvor, O'Reilly et al. (2003) research, it's possible to find important factors which affect on customers in order to use airlines' website for buying e-ticket.

3. Objectives:

- To identify key variables that affect perceptions of trust intent to engage in online business.
- To examine the extent to which trusts affect the entrepreneurs to engage in online business
- To examine which of these factors have stronger influence on ecommerce participation than others

4. Methodology:

The questionnaire designed based on the information collected from the in-depth interview and to investigate the subjective and objective factors that affect consumers' online purchase of customers. The questionnaire was carried out in Chennai from July to August 2015. For selecting samples, the simple random sampling method was used, which means each individual is cho-

sen randomly and each people has the same probability of being chosen. Totally 150 set of questionnaires were distributed and 134 set of questionnaires were returned, the respondent rate is 96%. The chosen location can allow the research to collect data from people with different ages and background. The questionnaire on factors affecting online problems contains four parts with 58 questions. In the questionnaire, the likert scale was used with five categories. In which, 1 stands for Strongly Disagree; 2 stands for Disagree; 3 stands for Neutral; 4 stands for Agree and 5 stands for Strongly Agree. After collected the data from the respondents, SPSS20.0 for windows was used for data analysis, primary data analysis and descriptive statistics.

Result and Discussion:

In the questionnaire survey, 134 respondents including students and working class at different ages were surveyed. The proportion of male and female respondents was 52.7% and 48.3% respectively. The majority of the samples (86.4%) were from the age group 21 – 30, and the one fifth of the samples (10%) was ages below 20 and fewer less than 3% were ages between 41 – 50. No one was from the age group above 50. In the samples, 44.6% respondents' education level were bachelor degree, and less than one third (32%) of respondents' post graduate level. were form 7. Respondents who were form 5 or below have 11.6% and respondents in associate degree or high diploma were 12.8%. Majority of the samples (94.1%) were professionals, and 5.9% of the samples are students from the education industry. Moreover 36 percent of sample are from school, other 34 percent belong to post graduate and remaining population is graduate. This may because the samples are mainly formed by youngsters. Following are the findings and interpretations of the study.

5.1 Factors influencing online purchase positively:

It is found that majority of respondents interested in online shopping fall in the age group of 25-40. Male respondents dominated in online shopping while comparing with females. The predominant buyers are having monthly income of less than Rs. 10000. The increasing popularity and proliferation of online shopping has stimulated widespread research aimed at understanding what influence consumers' online shopping behavior. More recently, research has begun to focus on consumer site commitment, online shopping satisfaction and e-loyalty (online repurchasing) (e.g. Ha, 2006; Li et al., 2006; Massad et al., 2006; Park and Kim, 2006). Five major categories of determinants of consumer online prospectus were identified:

1. Time Saving
2. Better Price.
3. Convenience.
4. Availability.
5. Shipping.

To evaluate the and rank the factors we have used friedman testing of SPSS 20.0. Among the five factors product characteristics ranks first which could be observed from table below

Table 1 Ranking of factors influencing online purchase positively:

S.No	Particulars	Mean rank	Rank	Chi square value	P value
1	Time Saving	3.50	IV	869.52	0.001**
2	Better Price.	4.39	III		
3	Convenience.	4.55	II		
4	Availability.	2.81	V		
5	Shipping.	5.25	I		

The above table shows that the free shipping facility ranks first among all other factors with a mean rank of 5.25. The price and type of pricing in online attracts the customers towards purchase of products in online. Ranking second is the convenience characteristics with a mean rank 4.55. The online purchas-

ing pattern largely varies with the characteristics of customer. Largely through the demographic set up they are into, risk taking ability and perceived ease of usage. The third is better price factors such as ease of use and information quality with a mean rank 4.39. The people having thrust to grain information use more online purchasing and the price offer they provide compared to local market price. But loss can occur at sometimes due to lack of information and mis-interpreted data. The respondents feel that time saving and availability play very minor role in the determination of online purchase which ranks last among all factors with a mean rank of 3.50 and 2.61 respectively.

Null Hypothesis

Factors affecting online business prospectus do not vary with different locations in the study area.

One Way Anova

There are three different groups of location in the state namely school, graduate and post graduate which is the independent variable. The different factors of online business prospectus are treated as dependent variable.

Table 2. One Way anova between factors influencing online business based on different qualification area

S.No	Factors	School	Graduate	Post Graduate	F Value	P Value
1	Time Saving	2.11 ^b (.32)	1.31 ^a (.51)	1.41 ^a (.87)	5.28	<0.001**
2	Better Price.	1.80 ^a (1.10)	1.82 ^a (1.15)	2.12 ^b (1.2)	2.43	0.034*
3	Convenience.	1.34 ^a (.48)	1.07 ^a (.25)	1.53 ^b (.96)	8.94	<0.001**
4	Availability.	1.23 ^a (.42)	1.43 ^b (.88)	1.51 ^c (.95)	4.50	0.001**
5	Shipping.	3.40 ^b (1.03)	1.20 ^a (.4)	1.10 ^a (.29)	0.262	<0.001**

One-way between-groups analysis of variance is conducted to explore Factors affecting online business prospectus on three different groups of area namely urban, rural and semi-urban by the Life Orientation test (LOT). Since the P value is less than 0.01, the null hypothesis is rejected at the 1% level of significance. Hence, it is concluded that there is a significant difference between the above factors with the three groups of people

Factors influencing online purchase negatively:

The increasing popularity and proliferation of online shopping has stimulated widespread research aimed at understanding what influence consumers' online shopping behavior. More recently, research has begun to focus on consumer site commitment, online shopping satisfaction and e-loyalty (online repurchasing) (e.g. Ha, 2006; Li et al., 2006; Massad et al., 2006). Five major categories of determinants of consumer online behavior were identified:

1. Privacy
2. Credit Card Concern.
3. Lack of touching the product.
4. Lack of interaction.
5. Lack of customer service.

To evaluate the and rank the factors we have used friedman testing of SPSS 20.0. Among the five factors product characteristics ranks first which could be observed from table below:

Table 3: Ranking of factors influencing online business problems:

S.No	Particulars	Mean rank	Rank	Chi square value	P value
1	Privacy	2.40	IV		

2	Credit Card Concern.	3.29	III	969.52	0.001**
3	Lack of touching the product.	3.45	II		
4	Lack of interaction.	1.71	V		
5	Lack of customer service.	4.15	I		

The above table shows that the lack of customer service facility ranks first among all other factors with a mean rank of 4.15. The price and type of pricing in online attracts the customers towards purchase of products in online. Ranking second is the lack of touching and preference with a mean rank 3.45. The online purchasing pattern largely varies with the characteristics of customer. It affects online business largely through the demographic set up they are into, risk taking ability and perceived ease of usage. The third is credit concern such as ease of credit and cash on delivery with a mean rank 3.29. The people having no thrust to gain payment use more online purchasing and the price offer they provide compared to local market price. But loss can occur at sometimes due to lack of payment option and clarity in payment. The respondents feel that privacy and lack of interaction play very minor role in the determination of online purchase which ranks last among all factors with a mean rank of

2.40 and 1.71 respectively.

Null Hypothesis

Factors affecting online business problems do not vary with different area in the study area.

One Way Anova

There are three different groups of location in the state namely school, graduate and postgraduate which is the independent variable. The different factors of online business problems are treated as dependent variable.

Table 4. One Way anova between factors influencing online business based on education area

S.No	Factors	School	Graduate	Post Graduate	F Value	P Value
1	Privacy	2.11 ^b (1.36)	1.89 ^a (1.41)	1.45 ^a (.84)	4.28	<0.001**
2	Credit Card Concern.	2.67 ^b (1.58)	2.32 ^{ab} (1.37)	1.68 ^a (.84)	2.43	0.034*
3	Lack of touching the product.	1.44 ^a (.72)	2.42 ^b (1.26)	1.45 ^a (.79)	9.94	<0.001**
4	Lack of interaction.	2.00 ^{bc} (1.5)	2.21 ^c (1.43)	1.26 ^a (.55)	4.00	0.001**
5	Lack of customer service.	3.44 ^b (1.42)	4.37 ^c (.95)	1.11 ^a (.31)	262	<0.001**

One-way between-groups analysis of variance is conducted to explore Factors affecting online business problems on three different groups of area namely urban, rural and semi-urban by the Life Orientation test (LOT). Since the P value is less than 0.01, the null hypothesis is rejected at the 1% level of significance. Hence, it is concluded that there is a significant difference between the above factors with the three groups of people based on qualification.

Recommendations & Conclusion:

From the result, it is found that majority of respondents interested in online shopping fall in the age group of 25-40. Male respondents dominated in online shopping while comparing with females. The predominant buyers are having monthly income

of less than Rs. 10000. Majority of respondents purchases are for their own use. CD/DVD is the frequently purchased by most of the respondents. Occasional shoppers are more in the numbers. Thus, when an online seller wants to be success, he or she needs to understand those factors and implement the appropriate strategy. As most of the online consumers are price sensitive, consumers needed to promote a suitable pricing strategy to satisfy the needs of consumers. Time saving is the main reason for purchasing through online. The most influencing peer group for online shopping is the 'friend'. Most of the respondents utilized the yahoo website in the study. The level of satisfaction of most of the respondents is neither satisfied nor dissatisfied. There are certain issues such as security of data transmission, privacy protection, and to improve the legal infrastructure. The study highlights that Convenience, Accessibility, Scope, Attraction, Reliability, Experience and Clarity are the important factors considered by the online shoppers. In comparison to existing literature the factors affecting the online shopping in India are similar to those of worldwide but some of them are specific as the penetration of IT and its adoption in India have been slow such as scope and accessibility. It is recommended that marketers must give a thought to these factors when they design their online strategy. Even the marketers may think of combining both the online and offline.

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