

# “A study of the Customer’s changed attitude towards online shopping: A conceptual model regarding changed intention , the role of perceived risks.”

Parveen Kumar Garg<sup>1</sup>

<sup>1</sup>Assistant Professor cum HOD , University College of Commerce & Management,  
Guru Kashi University, Talwandi Sabo, Bti, Punjab, India

## Abstract

Researchers typically study how levels of risk perception about online shopping affect and how consumers use the channel to buy products. In this paper, researchers are attempting to study how different types of attitudes towards online shopping are formed, considers both the benefit and the risk of using the internet to do their shopping. Researchers pay particular attention to the concept of online shopping skepticism where consumers may fully realize the benefit of using the internet to do their shopping, but also express a certain level of concern about the risk of using that channel.

**Key Words:** *Online shopping, shopping skepticism, changed Attitude, Risk Perception*

## 1. INTRODUCTION

Internet has changed the way of consumer’s perception towards buying of product. Nowadays, the Internet is being widely used in daily life. The existence of the Internet brought many advantages to individuals’. With the help of this source, people can communicate, learn, entertain, buy products and get services. Of course the disadvantages of it have long been discussed; as the virus threat, the risk of personal information theft, spamming etc. However since the advantages beat the drawbacks, most of the people cannot resist bringing it to the centre of their lives

Many companies have started using the internet platform with an aim of reducing marketing cost, the benefit of which is transferred to consumers by reducing the price of their products in order to stay ahead in highly competitive market. Companies also use internet in marketing communication to the consumers. Digital marketing has emerged as a new and effective method of selling products, taking feedback and also to conduct customer satisfaction survey. Buyer use the internet not only to buy the product online, but also to compare, product features, price and after sales service facilities they will receive if they purchase the product from any particular online store. The prospect of online business looks promising as ever.

In addition to the remarkable potential of online-shopping, the internet provides a unique opportunity for companies to more efficiently reach out to the existing and potential customer.

Customer perception towards online shopping has become an emerging research area with an increasing number of publications per year. The research articles appear in a variety of journals and conference proceedings in the fields of information systems, marketing, management, and psychology.

A review of these articles indicates that analyzing online buying behaviour involves drawing theories from classical consumer behavior research, such as behavioral learning (Skinner, 1938), personality research (Folkes 1988), information processing (Bettman 1979), and attitude models (Fishbein 1967).

Online shopping has started to gain momentum in India. It has provided comfort, convenience, choice and cheaper products to the customers. In spite of lack of buyer confidence in online shopping the market is growing at a fast rate. Once consumer starts using this channel then he does not look back.

## 2. REVIEW OF LITERATURE

In the literature, there is a lot of attention that is devoted to studying the risks of buying products on the Internet. Compared with buying products in a store, consumers have to deal with different sorts of risks if they decide to use

online shopping. For example, when consumers are buying products online they cannot physically examine them or cannot test whether these products actually work until they receive them. The interpersonal nature of the exchange process where consumers have to share personal information with people whom they will probably never meet or know very little about also increases the risk of buying products online [Riegelsberger et al., (2005)]. Despite the fact that the existing literature refers to and studies the benefits of online shopping, the discussion usually tends to concentrate on the risk or the perceived risk as a barrier to consumer's adoption and usage of Internet shopping. Researchers have found that some individuals may not only realize the benefits of a new technology or 'something new', but may also simultaneously reveal a significant level of concern about the risks involved (Alhakami and Slovic, 1994; Sjöberg and Fromm, 2002). Sjöberg and Fromm (2002) in their study on individuals' perceptions of the risk of information technology state that 'people are of course not neglecting the benefits of new technologies, and there is a large variation among persons in how these technologies are perceived. . . . Risks associated with new technologies are related to the expected benefits of the technology'. Skepticism as a type of attitude is where consumers not only recognize and appreciate the benefits of using a new technology, but also simultaneously show concern for the risks associated with its use. These authors also contend that some individuals will use information technology with 'enthusiasm', but others may be so concerned about the risks that they cannot even acknowledge the benefits.

### 2.1 Perceived Risk

Security perceptions are defined as "the subjective probability" with which consumers believe that their private information will not be viewed, stored and manipulated during transit and storage by inappropriate parties in a manner consistent with their confident expectations (Pavlou, 2001). Perceived risk is identified by the discomfort from consumer through the impersonal interaction and intangible effects that come from operating online (Chen and Mort, 2007; Pavlou, 2003; Pavlou & Gefen, 2004; Warkentin et al., 2002). Consumers fear e-vendors' opportunistic behavior, such as not delivering the right product at the promised time, outright fraud (Gefen, 2002; Hansen, 2008; Mayer et al., 1995; Pavlou and Gefen, 2004), private information leaks, and misleading advertisements. These risk perceptions may result in a reluctant attitude toward online purchasing (Gefen et al., 2008; Kim et al., 2008). Limiting consumers' perceived risk will encourage their intent to purchase online.

The theory of Reasoned Action stated that an individual's expression of a specific behavior is governed by the individual's behavioral intention, which is determined by attitudes and beliefs (Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975). In other words, perceived risk drives consumers' negative attitudes and diminishes their intentions to purchase (Gefen, 2002; Pavlou, 2003; Hansen, 2008; Jarvenpaa et al., 2000; Yang, Park, and Park, 2007). Thus, a negative relationship is expected between perceived risk and purchase intentions (Bramall et al., 2004; Chen and Mort, 2007; Hansen, 2008; Nicolaou and McKnight, 2006; Pavlou, 2003; Pavlou & Gefen, 2004; Warkentin et al., 2002).

## 3. Customer Factor

The customer factor was suggested as important to online shopping and items included were privacy, security, time saving, ease of use, convenience, enjoyment, previous experience, company reputation and tactility (Udo, 2001).

### 3.1 Privacy

Privacy in a communications system or network is defined as a protection given to information to conceal it from others' access by the system or network (Komiak & Benbasat, 2004). Privacy concerns were the most frequent reason cited by consumers for not making online purchases (Byford, 1998; Furger, 1999; George, 2002; Milne, 2000; Miyazaki & Fernandez, 2001; Miyazaki & Krishnamurthy, 2002; Udo, 2001). The majority of studies suggested that respondents were concerned that information might be used to send them unwanted offers by this or other companies or accessed by a third party for non authorized activity (Business Week, 2000; George, 2002; Lenhart, 2000; Wang, Lee & Wang, 1998).

### 3.2 Security

Security is defined as that which secures or makes safe; protection; guard; defense (Komiak, & Benbasat, 2004). In this study, the term security was used in terms of financial security while privacy was the protection of personal information (Bhianmani, 1996; Burroughs & Sabherwal, 2002; Komiak & Benbasat, 2004; Moda, 1997; Salisbury, Pearson, Pearson & Miller, 2001; Udo, 2001). Online retailing has greater perceived security risks by consumers than does traditional brick and mortar retailing (Houston, 1998; Kuczmarski, 1996). Research suggested that most consumers fear the risk of misused credit card information (Bhimani, 1996; Fram & Grady, 1995; Gupta & Chatterjee, 1996; Houston, 1998; Kuczmarski, 1996; Poel & Leunis, 1996). To increase online shopping, merchants need to take the proactive steps

to minimize the consumer's feeling of risk (Houston, 1998; Salisbury et al., 2001). One method of doing that includes building of consumer's trust in the online store (Cheskin Research, 1999; Komiak & Benbasat, 2004

Quelch & Klein, 1996). In the area of financial security, this meant proving the merchant's ability to safeguard personal data (Cheskin Research, 1999; Jarvenpaa, Tractinsky, & Vitale, 2000; Quelch & Klein, 1996; Singh & Sirdeshmukh, 2000). Garbarino and Johnson (1999) have proposed a satisfaction-trust-commitment-repurchase intention model and found that consumers' satisfaction would build trust which led him or her to repeat the purchases.

### 3.3 Time

Becker (1965) noted that the efficient use of time was a critical issue for the modern time-scarce consumer. Internet shopping can be viewed as a time saver for the shopper and the buyer (Alreck & Settle, 1995; Lohse, Bellman, & Johnson, 2000; Then & DeLong, 1999). As such, time positively influences Internet shopping as it can eliminate trips to the store and the long lines and delays when at the store (Alreck & Settle, 2002; Bhatnagar, Misra & Rao, 2000; Donthu & Garcia, 1999; Eastlick & Feinberg, 1999). Ease of Use. According to Kunz (1997) and Taylor and Cosenza (1999), ease in using the Internet as a means of shopping positively impacted the customer's online shopping perception. A similar finding was noted by Segars and Grover (1993) and in Rogers's adoption innovation model (1995).

### 3.3 Convenience

One such attitude that influenced the non-store shoppers has been that of convenience (Berkowitz, Walton & Walker, 1979; Eastlick & Feinberg, 1999; Gehrt & Carter, 1992; Settle, Alreck & McCorkle, 1994; Shim & Drake, 1990; Shim & Mahoney, 1991). The non-consumer's primary motivation was to save time, money, and hassles associated with in-store shopping. Non store shoppers sought to solve these issues by utilizing catalogs, cable television shopping, Internet, and other shopping formats (Stell & Paden, 1999). The same attitude of convenience carried over to the consumer's Internet shopping's perception. Convenience has been noted as positively influencing online purchasing behavior as it eliminated the necessity of having to travel to one or more stores. (Anderson, 1971; Eastlick & Feinberg, 1993; Gehrt & Carter, 1992; Settle et al., 1994; Stell & Paden, 1999). Internet shoppers more highly value convenience than did non-Internet shoppers (Bellman Lohse, & Johnson, 1999; Donthu & Garcia, 1999).

### 3.5 Enjoyment

Enjoyment in shopping can be two-fold: enjoyment from the product purchased as well as the process of shopping itself. Online shopping like in-store shopping, provided both types of enjoyment and such enjoyment can positively or negatively influence online shopping (Eastlick & Liu, 1997; Forsythe & Bailey, 1996; Kunz, 1997; Taylor & Cosenza, 1999).

### 3.6 Previous Experience

Studies have found that more years of computer experience and use had a positive, direct effect on the user's acceptance of information technology (Balabanis & Reynolds, 2001; Bear, Richards, & Lancaster, 1987; Burroughs & Sabherwal, 2002; Citrin, Sprott, Silverman & Stem, Jr., 2000; Jarvenpaa & Todd, 1997; Kay, 1993; Klein, 1998; Liang & Huang, 1998; Lohse, et al., 2000; Moore & Benbasat, 1991; Salisbury, et al., 2001). This suggests that consumers with more years of computer use would be more likely to adopt the Internet for purchasing. Related technology variables identified by O'Keefe et al. (1998) included technology skill and the technology anxiety as significant elements that predicted online buying perception.

## 4. Proposed Model

After going through the intensive literature survey the following model has been proposed. The model talks about the intention formation process to adopt internet to shop online. One of the factors is belief. The perceived risks are forms of beliefs only. That is why as per the existing body of knowledge, in this regard, suggests; due to perceived risks of individual consumers the intention to go for online shopping get changed. The intensity of the perceived risks decides the intensity of adopting the channel as well as the positivity or the negativity towards the action.

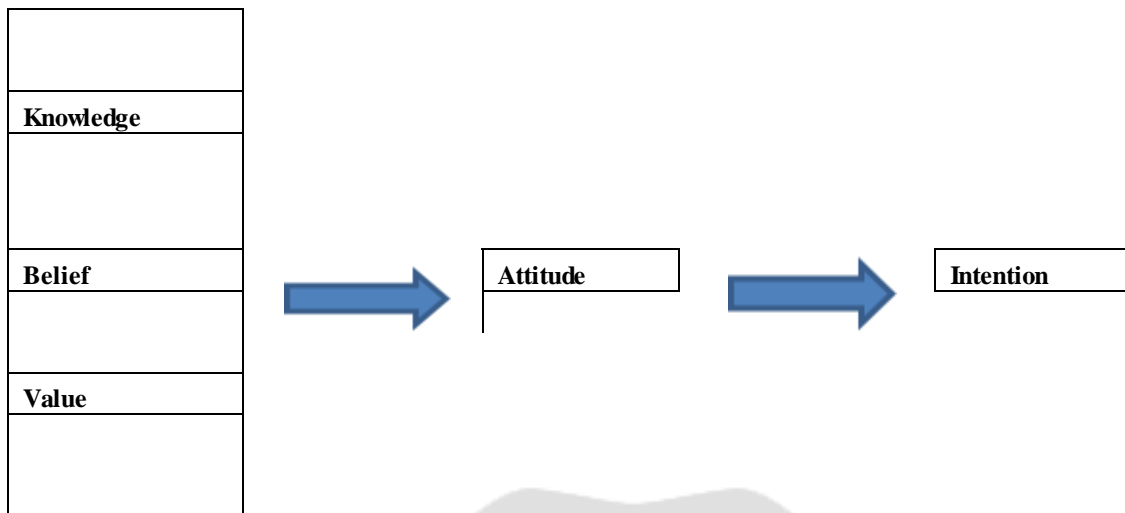


Figure: Consumer Intention framing process

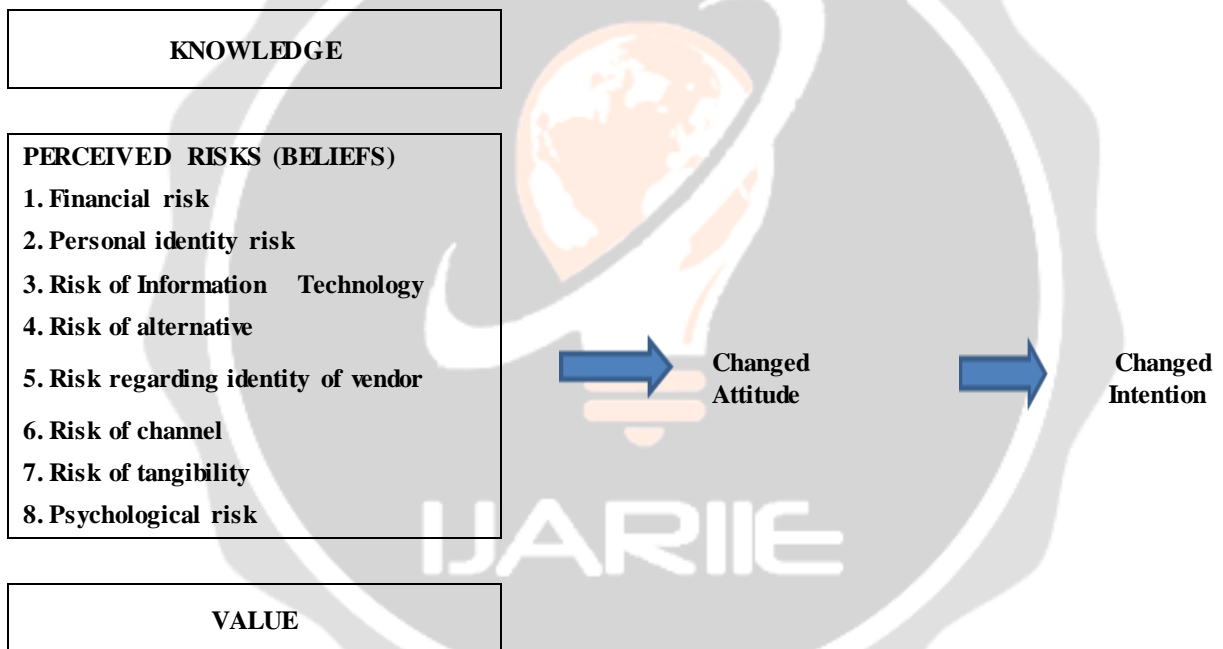


Figure: Consumer changed Intention framing process: The role of perceived risks (The proposed model)

4.1 Description of the proposed model-

The Theory of Reasoned Action (Fishbein and Ajzen, 1975) postulates that by understanding individuals’ beliefs and attitudes about an action, we can predict their choices and actions. Individuals’ beliefs will influence how attitudes are formed. Different groups of individuals have different attitudes towards different alternatives that will influence the choices that they make. This theoretical framework has also been used in consumer behavior/ marketing and has also been applied to investigate how different consumers engage with online shopping. Bauer (1960) is credited to have been the first to draw our attention to the fact that the activity of purchasing products will naturally involve taking risks and that consumer will usually prefer to avoid risky choices or actions. Preference for the least risky option may involve the purchase of a trusted brand of a product instead of the lesser well known brand. Forsythe and Shi (2003) study the relationship between the multi-dimensional construct of perceived risk of

online shopping and how consumers use online shopping. In their research, they show, for example, that perceived financial risk, which effectively measures consumers' perception of the risk of conducting transaction online, negatively impacted on their intention to buy products on the Internet and their frequency of usage and the amount spent online. Other variables that define the risk of online shopping were also accounted for in their study. Shih (2003) proposes that consumers' attitudes towards online shopping influence whether they will accept the Internet as a shopping channel. The author finds that what consumers feel they can do online, in terms of shopping related activities, and whether they think that using the Internet will lead to a good instead of a bad shopping experience will increase their acceptance of the Internet as a shopping channel.

Hansen (2008) studies how different groups of consumers form attitudes towards online grocery shopping and their propensity to adopt and use the Internet to buy groceries. The results of his study indicate that different groups of consumers, who are differentiated on the basis of their personal values, have heterogeneous levels of perceptions about how difficult or easy or convenient online grocery shopping is, and this explains if they are going to use the Internet to buy groceries.

Despite the extensive body of work on perceived risk and online shopping behavior [see Chang *et al.* (2005) for an extensive review], there is little attention that has been given to uncovering whether it is possible that a consumer may form a general type of attitude towards online shopping when he/she has to consider both the perceived risks and the perceived benefits of using the Internet to buy products. In the literature, it is typical to study these two variables separately, for example, whether a consumer can have a positive attitude towards online shopping such that he or she may express that using the channel is convenient, but importantly, also has a negative attitude thereby revealing and recognizing that it is risky to use the Internet to do his/her shopping. Related to that and interestingly, we pose the question whether there are cases when negative attitudes about online shopping may conflict with and even dominate the positive attitudes. Or, are there groups of consumers that have overwhelmingly positive attitudes about online shopping such that they state that it is both convenient and not risky to shop online?

Prospect theory (Kahneman and Tversky, 1979) postulates that we need to study how individuals weigh the potential benefits and losses of alternatives that are being considered. Prospect theory is related to the core debate in this paper in that this theory also proposes that there is a relationship between the risks and the benefits of the different choices. Different groups of consumers will attach different weights to both the benefits and the risks of the alternatives. This process of weighting the benefits and risks implies that consumers are simultaneously thinking about the perceived risk and the perceived benefit of each alternative before taking a decision. Consumers who have a negative attitude towards a particular alternative may think that it is more risky than what it actually is. This also means that individuals may underestimate the benefits of that option and choose what they consider to be a safe option when in fact the latter may well be potentially less beneficial than other choices. To contextualize and illustrate the relevance of these propositions in this research, let us assume that a consumer is considering buying a particular product online from a retailer. The local store down the road is also selling that same product but at a higher price.

Furthermore, let us assume that the consumer has never heard of that online retailer. So, on the one hand, the consumer does not want to miss out on a good deal, but on the other hand, is weary of buying from an unknown retailer online. Different groups of consumers depending on how they feel about the risks and benefits of online shopping will act differently in this situation. Some groups will consider both options, online and in-store shopping, whilst those who put more emphasis on the risk may not even consider the offer from the online store. Note that we have on purpose not explicitly discussed the difference in the price offer between the online store and the local store. It can be argued that if the price difference is significant, then the consumer may be willing to take the risk to buy from an unknown retailer. The impact of the price difference on the channel choice is itself an interesting research question that illustrates that the choice is not as simple; this particular research question is beyond the scope of the research problem that is posed in this paper.

## 5. Research implications and conclusions

As more consumers become Internet users, many of them can potentially become online shoppers. It becomes particularly important to understand how new Internet users perceive the risk of using online shopping. The manner in which consumers use the Internet to buy products differs between different segments of the population. The attitudes of different consumers towards online shopping will affect the way in which they will use physical stores and/or online stores. Researchers have studied how perceived risk and perceived benefit of using online shopping affect adoption and usage of the Internet to buy products. However, this existing body of work either tends to pay a lot of attention to the impact of perceived risk or studies the roles of both perceived risk and benefit separately. Our main proposition in this paper is that general types of attitudes towards online shopping are formed from the relationship that exists between the perceived risk and the perceived benefit of Internet shopping. We also investigate the possibility that attitudes that relate to both the risk and the benefit of using online shopping may conflict.

Our study suggests that attitudes towards the risks and the benefits of using online shopping do conflict for some consumers and that this has a negative impact on their intention to use the Internet to do their shopping. We are particularly interested in those consumers who are skeptical about online shopping in that they realize the benefits of online shopping but are concerned about the risks involved. Those consumers who are skeptical or non-enthusiastic about online shopping are less likely to perceive that the Internet has affected and will affect their shopping behavior compared with those who are enthusiastic about using the channel.

Online shopping experience plays an important role too and influences how consumers perceive both the benefits and the risks of using online shopping. In particular, we find that online shopping experience lessens consumers' skepticism about using the internet to buy products. We speculate here that, compared to late adopters of online shopping, experienced online shoppers have gained more knowledge about how to judge the benefits and risks of using the Internet to shop online. We have to particularly highlight the moderating role of that variable. Those consumers who are more experienced are less likely to be sceptical about using online shopping and are also more likely to embrace Internet shopping. As far as we are aware, there have not been other attempts in the literature that have specifically addressed the possibility of conflicting attitudes towards online shopping compared with all the attention that has been given to studying the effect of perceived risk and there is obviously scope for further research on attitude formation and how the latter affects how consumers intend to use the Internet.

An avenue for further research is to pay more attention to the nature of online shopping experience or the knowledge that experienced shoppers have gathered that makes them less skeptical about online shopping, compared with those who are relatively new at using the channel.

Another related research question that is worth exploring further is to study if the specific shopping activities online differ between the different groups of consumers. For example, do skeptical consumers buy different types of products online compared to enthusiastic consumers? There is, of course, also the need to better understand what exactly causes skepticism amongst consumers when it comes to using the Internet to buy products.

## 6. MANAGERIAL BENEFITS

1. The study will basically focus on the gap between perceptions of customer towards online shopping with respect to Punjab state by identify the parameters like customer factors, marketing factors, technological factors. So to make a boom in the online shopping, online vendors should take corrective measure based on the gap analysis to improve their service quality and satisfying the customers.
2. Consumers today demand a better, more efficient and less cumbersome way to compare and buy products online. Innovative service should be provided to consumers so that they can compare products, which are available online using their mobile phones.
3. Vendors should educate the customers about e-commerce like educating them on safety tips like reading the item description, looking for a seller's feedback score and asking questions, detecting spoof mails and informing them about the new online crimes which happen regularly.
4. Suggestions and recommendations given in the study would definitely help businessmen, servicemen, professionals, students and would also help further researcher and academicians.

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