

Perceived Benefits & Risks Towards E-Shopping: Analyzing the Youth Attitude

Geeta Sachdeva*

Abstract

The sharp boost of Internet usage, as well as, the systematic advancement of Information Technology has altered the way goods are bought and sold, ensuing to the exponential growth in the number of online shoppers.

In the present study an attempt has been made to know the factors effecting youths' perception towards online shopping. The data has been collected with the help of survey-questionnaire from 140 youths using convenient sampling method. The data, thus, generated was analyzed with the help of Factor Analysis. The findings of the study revealed that perceived benefits, perceived comfort, promotional schemes, time saving, personal factors, purchasing motivation, perceived risk and perceived uncertainty are the major 8 factors which influence or restrain the youth towards purchasing online. Further in the present paper an attempt has been made to know which factor affect the most to buy online. A Descriptive statistics test has been applied which revealed that youth are more stimulated by perceived benefits of online shopping like wide variety, product reviews and rating system and various modes of payments followed by promotional Schemes, purchasing motivation, personal factors, perceived comfort, time saving. And they also perceive certain risks and uncertainty towards online shopping which discourage them to buy online.

With a better understanding of consumers purchasing behavior towards online shopping the marketers will be able to create more markets for E-Commerce in future.

Keywords: Online Shopping, Perceived Benefits, Perceived Risks, Youth

Introduction

The Internet started as a government and military communications network in the early 1970s and rapidly became a tool for academic researchers to communicate. Two decades afterward it entered into global proportions and transferred from the government and academic sectors into the consumer market, where it acts as a channel due to which millions of people communicate, perform research, find entertainment, and, most newly, buy and sell products and services. At present time numbers of people are attracting towards more intensive use of the Internet as the accessibility of technology, the availability of information, and the ability to interact through the Internet increase and evolve. These advancements in Internet technology permit for the extension of shopping options beyond traditional methods that may be more time consuming. To gather information physically with offline shopping methods is lessened, and customers are better able to proficiently use their time. Like, in spite of having to physically visit different stores to evaluate prices or rely on circular pamphlets in newspapers, a consumer is able to search and gain needed information through the Internet. Decisions can be taken from home at ease looking at a variety of choices and prices can be easily compared with the competitor's products to reach at a decision.

Internet marketing is conceptually dissimilar from other marketing channels and internet promotes a one to one communication between the seller and the end user with round the clock customer service. There is more electronic interactivity with the customer in the form of emails and

* Assistant Professor, Department of Humanities & Social Sciences, National Institute of Technology (NIT), Kurukshetra, Haryana, India. Email: geeta_schdv@yahoo.co.in

FAQs (frequently ask questions). With the help of FAQs, the consumer's questions on shipment, payment, product, policies and other customer apprehensions can be tackled effectively.

However, not all customers are taking part in online transactions. As more and more businesses keep on establishing an online presence, they are finding that some customers are still unwilling to shift for online shopping. Privacy and security have been the major apprehensions (Grabner-Kraeuter, 2002; James, 1999; and Yianakos, 2002), resulting many people to browse the Internet for informational purpose than for buying online (Curtis and Slater, 2000). There is a discrepancy between the number of customers who visit a site and the number of actual purchases being done. It leaves a huge section of the Internet population as non-participants in online transactions as contrast to those who fully complete transactions online and make purchases. As an alternative, these non-participants may discard the purchase completely or accomplish the transaction in an offline setting.

So, it is imperative for online businesses or offline businesses interested in entering into the online market to recognize the customers' perceptions, online and offline, and what are the factors which influence their shopping decisions. With better understanding of what factors take part in into consumer decision making in making transactions online or offline, retailers and businesses can be better prepare themselves to serve their customers in either of the shopping venues.

Literature Review

Internet shopping makes it feasible for customers to shop 24 hours a day without leaving the home. Certain benefits and perceived risks of online shopping in customers' minds deeply influence their intentions to shop over the Internet. Jarvenpaa and Todd (1996-97) carried out research on Consumer reaction to electronic shopping on the World Wide Web (WWW). They associated the reactions of customers to the factors of product perception, shopping experience, customer service, and perceived consumer risk. In regard of product perceptions they found that customers were impressed by the breadth of stores but dissatisfied with the depth of merchandise offered. Shopping experience was found enjoyable, time and effort saving by the customers but the goal directed

shopping was reported as difficult. But customer service was not found very much satisfactory for many of the respondents. The study also stated that perceived risks as being a barrier to shopping on the WWW.

According to Kunz (1997) if customers perceive that it will save time, be suitable to use/patronize, provide products with good value for the price and merchandise of good quality, involve low risk, offer customer satisfaction, while offering credit accounts and accepting charge cards, they will be more likely to choose that alternative shopping medium.

According to Lorek, (2003) ease of shopping comparison, low prices, timely delivery, convenience, time saving, low shipping costs, improved customer service, tax exempt status and speedy e-mail response, as main grounds for the increase in online shopping.

Ernst and Young (2000) reported that internet users purchased online because of good product selection, competitive prices, and ease of use, but were concerned about shipping costs, lack of opportunity to prior examining the products, as well as, the confidentiality of credit card and personal information.

Convenience and accessibility are positively associated with online shopping, because they can shop on the Internet in the ease of their home environment, it saves time and effort, and they are able to shop any time of the day or night. Particularly for consumers that, owing to their extended working hours, only have a small amount of free time, online shopping is an excellent opportunity (Wolfenbarger and Gilly, 2003).

But most recent online shopping services fail to give a satisfying shopping experience, and, until they do, they are unlikely to attract many customers away from traditional retail channels (Reda, 1995). Some people simply do not like technology because of slow Internet penetration (Horowitz, 1996).

A lot of customers still do not feel easy giving out their credit card number over the Internet; one survey resulted that only about 44% of Internet shoppers use credit cards to make their purchases (Internet Shopping 1996). There are many other restraining factors in customers' mind, which discourage them from shopping online. For example, they are worried about the lack of privacy or the untrustworthiness of the seller. Certain other concerns in the mind of the customers' are connected to security, speed

of access, branding, product availability and distribution (Jones and Biasiotto, 1999).

Statement of the Problem

Internet shopping is a relatively new retail medium which has its impact on manufacturers, retailers, and consumers. Even though sales of products from the Internet account for only a small percentage of total retail sales, millions of consumers shop and buy on the Internet. If Internet retailing proves to be a success and is accepted by the customers, it would bring some changes in the method of doing business for the manufacturers and retailers. To stay competitive, manufacturers and retailers must know how to respond to the new opportunities. Before making a large financial commitment it is imperative that all the implications of the change must be understood. Besides technical support considerations, customers' acceptance of this new technology may affect a business' success in online retailing. They will be successful only if they give value to the customers. Hence, Internet marketers should comprehend the customers' expectations and intentions regarding Internet shopping. Research can help these online retailers to understand their customers, satisfy their needs and wants, and create value for them. The present research will assist marketers to better understand the youths' perceptions regarding Internet shopping.

Objectives

To study the determinants of youths' online shopping behavior.

To examine the level of determinants of youths' behavior.

Methodology

In the present investigation a sample of 140 youth from various Districts of Haryana have been taken into consideration, using convenience sampling method. Both male and female, respondents of different age groups ranging between 18-28 years have been incorporated in the present study. The data has been collected through survey-questionnaire, finalized after pilot study of 50 respondents. The final questionnaire consists of 20 items (Table-2). The responses on these items were obtained on five point interval-scale i.e. strongly agree, agree, neutral, disagree, strongly disagree. The data, thus generated was

analyzed with the help of Factor Analysis and Descriptive statistics.

Table 1: Items of Questionnaire

1.Saves Times
2.Convenient
3.Shop at any Time
4.Wide Variety
5.Product Review and Rating Systems help in Shopping
6.Lower Prices
7.Attractive Discounts
8.Various Modes of Payments
9.Luxury of Comparing offering of Different Vendors
10.Reduces Costs (Parking, Travelling)
11.Psychological Comfort
12.On Line Purchase affects the way others think of me
13.On line Purchase affects my self image
14.Selection of products is easier on Internet than Physically
15.Online Shopping will eventually supersede Traditional way
16.Additional Hidden Cost
17.Lack of Protection for Credit Card Information
18.Difficulty in Getting back money
19.Loss of time due to slow website
20.Products are defective/lost during shipment

Results

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy	0.61
Bartlett's Test of Sphericity	Approx. Chi-Square
	df
	Sig
	632.19
	190
	.000

Inspection of the Table-2 reveals that the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy for the sample is 0.61 which is greater than 0.5, suggesting

thereby that the data is adequate for Factor Analysis. The Bartlette's Test of Sphericity has also been conducted with the aim to test the null hypothesis (H0) that the population correlation matrix of the variables is an identity matrix. The chi-square statistic is 632.19 and p-value is 0.000 which indicates that there is a correlation of variables to each other. Hence, we reject the null hypothesis and conclude that variables are correlated to each other. Thus, it can be inferred that the Factor Analysis as a Model of data analysis can be accepted.

Table 3: Eigen Values with Cumulative Percentage of Variance

Components	Eigen Value	% of Variance	Cumulative % of Variance
1	2.11	10.55	10.55
2	2.09	10.47	21.02
3	1.87	9.36	30.39
4	1.84	9.21	39.60
5	1.71	8.54	48.15
6	1.39	6.97	55.12
7	1.34	6.74	61.86
8	1.26	6.32	68.19

Table 4: Rotated Component Matrix

Variables	1	2	3	4	5	6	7	8	h^2
1. Saves Times	-.018	.308	-.175	.120	-.086	.797	.008	-.006	.78
2. Convenient	.203	.061	-.144	.809	-.021	-.004	-.126	.053	.73
3. Shop at any Time	.074	.081	.146	.803	.082	.035	.035	-.049	.69
4. Wide Variety	-.265	-.049	.559	.470	.210	-.010	.001	.282	.70
5. Product Review and Rating Systems help in Shopping	.175	.276	.775	-.170	-.102	.041	-.068	.149	.77
6. Lower Prices	.382	.194	.187	-.080	.546	.079	-.004	.313	.62
7. Attractive Discounts	.197	-.015	.081	.237	.635	.399	.242	-.079	.72
8. Various Modes of Payments	-.012	-.022	.649	.096	.312	-.096	.088	.055	.54
9. Luxury of Comparing offering of Different Vendors	-.078	.170	.099	.012	.805	-.177	-.100	-.152	.75
10. Reduces Costs (Parking, Travelling)	-.035	.810	.086	.053	.192	.040	-.154	-.001	.73
11. Psychological Comfort	.199	.634	-.288	.114	.205	.313	-.180	-.140	.72
12. On Line Purchase affects the way others think of me	.129	.670	.275	.028	-.039	.034	.228	-.133	.61
13. On line Purchase affects my self image	.630	.440	-.007	.158	-.025	-.101	.201	-.144	.67
14. Selection of products is easier on Internet than Physically	.794	.035	-.071	.231	-.014	.122	-.046	-.018	.70
15. Online Shopping will eventually supersede Traditional way	.586	-.013	.313	-.010	.246	.052	-.157	-.130	.54
16. Additional Hidden Cost	-.464	.032	.197	.109	-.036	.024	.286	.493	.59
17. Lack of Protection for Credit Card Information	-.036	.081	.031	-.108	.047	.087	.883	-.011	.81
18. Difficulty in Getting back money	-.265	-.250	-.136	.125	-.163	.234	.395	-.364	.53
19. Loss of time due to slow website	-.205	.224	-.293	.320	-.127	-.598	.226	.124	.72
20. Products are defective/lost during shipment	-.120	-.147	-.020	-.026	-.079	-.042	-.083	.755	.62

Here Principal Component Method of Factor Analysis has been applied. Factor extraction was stopped when Eigen values came to 1.00, thereby extracting 8 factors. The factor loading of 0.30 or more is significant and retained for further analysis. These factors account for 68.19 of total

variance (Table 3). The communalities (h^2) range from 0.53 to 0.81 (Table 4). Each of the factors extracted so far represents the determinants of perception of consumers' towards online shopping (Table 5). Following is the detailed examination of all these factors/determinants.

Table 5:

Sr. No.	Variables	Factor-loadings
Factor 1	Personal Factors	
1.	Online purchase affect my self image	0.59
2.	Selection of product is easier on internet than physically	0.52
3.	Online shopping will eventually supersede traditional way	0.52
Factor 2	Purchasing Motivation	
1.	Reduce cost	0.55
2.	Psychological comfort	0.63
3.	Online purchase affect the way others think of me	0.67
Factor 3	Perceived Benefits of Online Shopping	
1.	Wide variety	0.55
2.	Product review & rating system help in shopping	0.77
3.	Various modes of payments	0.64
Factor 4	Perceived Comfort of Online Shopping	
1.	Convenient	0.80
2.	Shop at any time	0.80
Factor 5	Promotional Offers	
1.	Lower prices	0.54
2.	Attractive discounts	0.63
3.	Luxury of comparing	0.80
Factor 6	Time saving	
1.	Saves time	0.79
2.	Loss of time due to slow website	-0.59
Factor 7	Perceived Risk of Online Shopping	
1.	Lack of protection for credit card information	0.88
2.	Difficulty in getting back money	0.39
Factor 8	Perceived Uncertainty of Online Shopping	
1.	Additional hidden cost	0.49
2.	Products are defective/lost during shipment	0.75

Details of the Extracted Factors

Factor 1-Personal Factors

The basic structure of this factor suggests that youth perceive that there are some personal factors which stimulate them towards online purchasing and all these variables have positive loading in these factors. They are

in view that to shop at internet affect their self image, i.e it is the matter of pride for them, they find that selection of product is easier on internet and they also believe that online platform will eventually supersede the traditional way of shopping. Thus, it can be concluded their personal view are very positive towards E-shop which prompt them to adopt this platform.

Factor 2-Purchasing Motivation

All the variables loaded on this factor have positive loadings indicating thereby that what youths think about E shop. Youths have certain kind of motivation to purchase the products from internet. First motive is reduced cost as they are not supposed to go to market, travelling cost, parking cost etc. Other motives are psychological ones. They feel psychological comfortable when they purchase on internet and also they feel that it affects the way other thinks of me. They get psychological satisfaction. So these are purchasing motivation which encourage them to go for E-shop. Thus, it can be inferred that youths have strong motivation to purchase electronically.

Factor 3-Perceived Benefits of Online Shopping

Perceived benefits of online shopping are important factors in determining consumers' willingness to purchase online. The basic structure of this factor suggests that consumers perceive online shopping of multiple uses. They are of the view that because of its multi utility, they can access to wide variety of the products, can have products review and also can rate the products. Moreover, they believe that they can use different kinds of payment system like, COD (cash on delivery), credit card etc. Thus, it can be concluded that it is the multi-utility of online shopping that prompt the consumers to purchase electronically.

Factor-4 Perceived Comfort of Online Shopping

Consumers are of the views that purchasing online is a very comfortable process. They can shop at any time throughout the year. They feel it is a convenient to purchase through internet in comparison to offline mode.

Factor-5 Promotional Schemes

The another important factor in the favor of online shopping is various kinds of schemes which companies offer to attract the customer in form of lower prices,

attractive discounts and provide opportunity to compare the product prices. Thus, customers purchase through online mode because of the above said variables.

Factor-6 Time Saving

The important factor in the favor of online shopping is time factor. This factor has two variables and one variable has positive factor loading while another has negative. Positive factor loading variable states that online shopping saves the time of customer in the form of not visiting the market or travelling time etc. Negative factor loading variable confirms that customers do not believe that there is a loss of time because of slow website rather they think that purchasing electronically saves time all sense (because of -ve loading i.e. -.59).

Factor-7 Perceived Risk of Online Shopping

Factor-7 highlights that customers have also skeptical viewpoints towards online shopping. According to customers there is lack of protection for credit card information. Moreover, they have perception that if they return their product then there will be great difficulty in getting back their money. Thus, customers are turned off because of skepticism, and confusion that surround online shopping. Therefore, skepticism should be overcome as soon as possible so that customers can be attracted towards online platform.

Factor-8 Perceived Uncertainty of Online Shopping

There are some other determinants which may stop the customers to purchase online. There are some uncertainty regarding purchasing online. They are of the view that some hidden cost would be included in the original cost of the product. In addition to this there is another determinant which hinders customer to buy electronically i.e. they perceive that product which are ordered are defective or are lost during shipment.

Further for examining the level of all 8 factors of online shopping i.e. perceived benefits of online shopping, perceived comfort of online shopping, promotional

offers, time saving, perceived risk of online shopping and perceived uncertainty of online shopping, Descriptive Statistics was used.

Table 6: Descriptive Statistics of Online Shopping's Factors

Sr. No	Variables	Observed Mean	Standard Mean	SD	SE
1	Personal Factors	11.27	6	1.84	0.15
2	Purchasing Motivation	12.06	6	1.67	0.14
3	Perceived benefits of Online Shopping	12.97	6	1.38	0.11
4	Perceived Comfort of Online shopping	8.83	6	0.97	0.08
5	Promotional Schemes	12.48	6	1.38	0.11
6	Time Saving	7.10	6	0.81	0.06
7	Perceived Risk of Online Shopping	4.96	6	0.98	0.08
8	Perceived Uncertainty of Online Shopping	5.62	6	1.04	0.08

In the present investigation the observed mean scores for online shopping's dimensions are 11.27, 12.06, 12.97, 8.83, 12.48, 7.10, 4.96 and 5.62 respectively and the corresponding Standard mean scores are of the order of 6 for all factors.

In all factors except factor 7 (perceived risk of online shopping) and factor 8 (perceived uncertainty of online shopping) observed level of mean was found higher than standard mean level indicating thereby that customers perceive that online shopping give multi benefits, provide various promotional schemes, gives a factor of easiness and saves time. However the observed mean score of perceived uncertainty and perceived risk of online shopping is less than standard level, indicating thereby that customers employees have considerable amount of uncertainty and associate risk with online shopping.

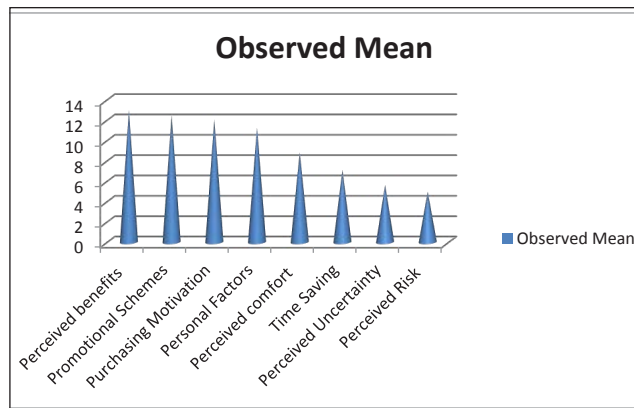


Figure 1: Factors of Online Shopping

From the above figure it is evident that from all the 8 factors perceived benefits of online shopping like wide variety, product reviews and rating system and various modes of payments is the first preference of customers regarding online purchasing followed by promotional schemes, personal factors, purchasing motivation, perceived comfort, time saving, perceived uncertainty and perceived risk of online shopping.

Discussions

A perusal of the results in the present investigation makes it amply clear that there are eight determinants of consumers' online shopping perceptions. If these are being taken care of by marketers while finalizing marketing strategies, a big market can be created for E-commerce.

Firstly the customers perceive that buying electronically have multi benefits. They believe that many varieties of products are available on the internet. Moreover it is easier them to review and rate the products. They find many alternatives to make the payment for the order booked. The present findings conforms to the findings of Ernst and Young (2000) and Lorek (2003) who reported that internet users purchased online because of good product selection and wide variety and ease of shopping comparison. Further it supports Kunz (1997) who stated that it offers credit accounts and accepting charge cards options to buy the product. So considering all above benefits customers have positive attitude towards the same.

Findings of the present study also states that besides the above said usages customers feel comfortable to use internet for buying products. They are in view that at any time throughout the year they can purchase without going

to market. They feel that it is a very convenient process which gets support from Lorek (2003) who reported that online shopping gives convenience.

There is another very important factor which stimulates more customers to purchase online i.e. various kinds of promotional schemes like, lower prices, attractive discounts and luxury of comparing the products.

Continuing the benefits of online shopping another major factor is time. Respondents undertaken in the present study are stimulated by the variables that it saves time, no need to go to market and searching the products. These findings get ample support from the findings of Wolfenbarger and Gilly (2003) who postulates that convenience and accessibility are positively associated with online shopping, because they can shop on the Internet in the ease of their home environment, it saves time and effort, and they are able to shop any time of the day or night. Particularly for consumers that, owing to their extended working hours, only have a small amount of free time, online shopping is an excellent opportunity. Further according to Avery (1996) for consumers who have to go large distances to stores which give them with the articles needed, shopping on the Internet is a viable alternative to overcome this "geographical distance".

In addition to all above said perceived benefits customers also have certain kind of risks and uncertainty factors associated with purchasing online.

The most important determinant which discourages customers is lack of protection for their credit card information. They hitch while sharing their card no fearing of hacking. Another risk which they perceive that difficulty in getting back money. In case if they want to return the ordered product then they feel it is a very tricky process and it takes a lot of time to get their money back and sometimes instead of liquid cash they get only cash points.

Customers also have uncertainty regarding E-commerce. They are in view of that additional hidden cost is added in the original price of the product. They also believe that products which are being ordered are defective or may be lost during their shipment.

The above findings get ample support from There are many other restraining factors in customers' mind, which discourage them from shopping online. For example, they are worried about the lack of privacy or the

untrustworthiness of the seller. Certain other concerns in the mind of the customers' are connected to security, speed of access, branding, product availability and distribution (Jones & Biasiotto, 1999).

Conclusion

The initiation of the Internet brought a new approach of advertising and selling the products. Internet has reformed the way we do our Shopping. Many people utilize internet for purchasing the goods but there are still some reasons owing to which people hesitate from online buying. The attitudes of the people towards buying online are dissimilar. The fast expansion of Internet exercise and programmatic enhancement in the circle of information technology has modified the way stock are acquired and marketed, resulting in an exponential expansion in the number of online buyers. Because of the numerous advantages and benefits of Shopping Online more and more people these days prefer online Shopping over conventional shopping. The main rationale of this study is to examine the factors which stimulate them to purchase online and discourage them not to purchase online. In the present investigation youths have mixed reactions towards online shopping. Youths view that purchasing through electronic media have multi benefits, it is convenient, provides various promotional schemes, saves time but at the same time they also perceive that there are certain risks and uncertainties which are associated with it like they think that there is a lack of privacy regarding their credit card no., money back policy is not effective, hidden cost is added and also product can be defective which halt them to buy online. So it can be concluded that there are variety of factors which can influence purchasing through online mode. So it is a need of an hour for marketers to understand what motivates consumers to purchase online what discourages them from doing so.

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