

Impact of Psychological Risk Factors on the Buying Decisions of the Consumers

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ABSTRACT

Internet has made a paradigm shift in the market by making buying and selling with a click. Lot of options available through internet lead the online retailers to explore the various determinants affecting the behaviour of online shoppers. Consumer Behaviour is defined as activities people undertake when obtaining, consuming, and disposing of products and services. There are various factors that induce consumers to buy the goods where as in case of online shopping there are some risk factors that restrain the buyers to make their decisions. In the current study we tried to explore the fear factors that or filtering elements that don't let the consumers to buy online.

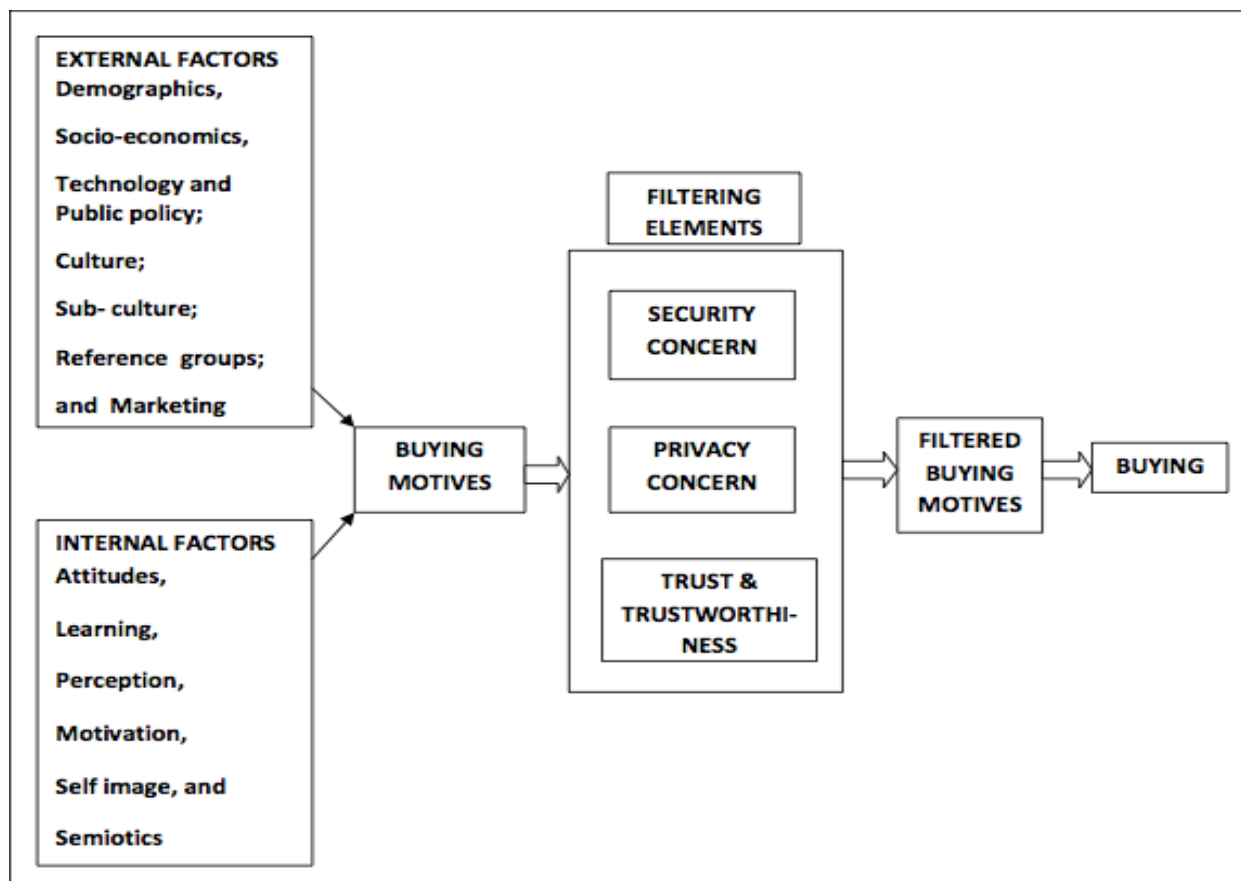
Keywords: Online Shopping, Internet, Buying Behaviour, Fear Factors, E-Commerce.

INTRODUCTION:

Online Shopping is a form of E-commerce that allows consumers to directly buy good or services from a seller over the Internet. Increasing usage of Internet and availability of various facilities like smartphones enable consumers to buy online. For buying online, the customer must have access to Internet and an online payment method. As the revenues from Online sales continued to grow, researchers identified different types of online shoppers. Dange and Kimar (2012) explained the FFF model of online Consumer behaviour. The model explains that there are three factors that affect the buying motives of the consumers. They are:

1. **External Factors:** External factors are those which are beyond the control of the consumers. These factors include the Demographics, Socio Economic, Culture, Sub culture, Reference group and marketing factors.
2. **Internal factors:** Internal factors are the personal traits and attributes of the consumers that include Attitudes, Learning, Perceptions, Motivation, Self Image.
3. **Filtering elements:** Filtering elements are the hurdles that the buying motives need to cross to become a filtered buying motive that actually leads to a purchase decision. Kumar and Dange recognised Security concern, Privacy Concern and Trust & Worthiness as the filtering elements.

As compared to shopping from stores, online shopping has been perceived more risk factors and so they effect the consumers decision making process. These filtering elements filter the buying motives which ultimately leads to the buying decision of the online consumers. Among all factors Gender plays an important role of influential factor that effect the buying decisions. Consumer's gender related behaviour for buying will vary because of the effect of symbolic consumption and social comparison. Men's motives for shopping appear to be more utilitarian, whereas women's shopping motives tend to be hedonic (Wahyuddin, Setyawan and Nugrogo, 2017). Seock and Bailey (2007) examined the differences between male and female consumers in their shopping orientations, online information searches and purchase experiences. Seven shopping orientation constructs were identified i.e. shopping enjoyment, brand/fashion consciousness, price consciousness, shopping confidence, convenience/time consciousness, in-home shopping tendency and brand/store loyalty. As per a study by Erasmus University, men are more loyal to brand where are women are loyal to good service.



Source: Kumar and Dange, 2017

REVIEW OF LITERATURE:

Katawetawaraks and Wang (2011) conducted a study is to provide an overview of online shopping decision process by comparing the offline and online decision making and identifying the factors that motivate online customers to decide or not to decide to buy online. It is found that marketing communication process differs between offline and online consumer decision. Managerial implications should be developed for online stores to improve their website.

Uzun and Poturuk (2014) conducted a research to find out what factors affect consumers in the context of electronic commerce, also to see the relationship between e-satisfaction and e-loyalty. As Internet has become a channel where online transactions have been done, and this created need for companies to understand how consumers perceive online buying. Seven hypotheses were formulated regarding to consumers previous experiences with e-commerce. Data gathering was carried out by the survey which was sent online to 200 randomly selected citizens, from which 104 responded. Through the survey, the results showed that factors that affect consumers while shopping online, and that affect satisfaction, are convenience, and trust as the most important variables, the next which are important for them are prices and quality of products. Those variables are the most essential ones for consumers when they decide to shop online. According to collected answers, they are very suspicious. And the cause of this may be raised cheating and fraud on the Internet. If the price on the Internet and in some local store is approximately identical, the consumers will give more attention and interest on selection of goods rather than to price.

Haider and Nasir (2016) conducted a study with a the purpose to analyse the different factors that usually cause to fluctuate the online shopping behaviour of customers in Pakistan. Because of the newness and apparently complicated nature of this phenomenon, there is very little information to which the customers have a direct access. Therefore, the objective of this research was to study and uncover different factors that affect the online shopping behaviour of people in Pakistan. The research was conducted with the help of a model that will examine the impact of factors like financial risks, convenience risks, non-delivery risks, return policy risks and product risks on the behaviour of online consumers in Pakistan. Results of hypotheses testing indicated that financial risk and non-delivery risk has negative effect on attitude toward online shopping behaviour. That is, e-retailers should make their website safer and assure customers for delivery of their products.

Shailesh and Taruna (2016) conducted a research with focuses on the specifications affecting the purchasing behaviour of smart mobiles and usage pattern smart phones of consumers in Lucknow city. The descriptive research method has been used in this study. The information related to Smartphone consumers were collected through a well-defined questionnaire. The convenience sampling method was used by the researcher to collect the data. Primary as well as Secondary sources of data was used. The sample size is 100. With the help of (SPSS) software, the data collected was modified, coded and administered. The arithmetical tools are used for F-Test and T-Test. There is a major difference between the gender of the respondents and the level of satisfaction of smart phone users. The difficulties faced by the smart are Hanging of phone, problem of charging, Language of phone, Battery life of phone, Slow internet, Network issue, Call Drop, High call rates, Improper support from call centre, Complex Technology, etc.

Lakshmi et al (2017) studied the impact of gender on the consumer purchasing behaviour. Study was conducted with a view to identify the men and women approach for shopping with different needs, perspectives, rationales and consideration. As the males and females have different requirements for products due to their upbringing and Socialization along with various factors like social, psychological etc. The study concluded that gender is an important factor among all. The study showed that women are more internally focussed where as men ought to be externally focussed.

OBJECTIVE:

The current study is aimed at extracting various Filtering factors that affect the buying behaviour of the consumers shopping online.

Design of the Study:

Descriptive method of research is used to know the factors that affect the buying behavior of the consumers who are shopping online.

Population and Sample Size:

The term research population refers to all members of the group of interest to the researcher. The population of the present research are the customers who are doing online shopping. The sample of 500 customers are randomly drawn from areas in and around Chandigarh.

Research Instrument Used:

The Questionnaire prepared consisted of Likert's five-point scale for measuring attitudes & behavior of the customers where strongly disagree is coded as 5 while strongly agree is coded as 1.

Reliability:

Its reliability has been tested by applying the Cronbach Alpha whose value came out to be **0.911** which is acceptable indicating that the internal consistency of the questionnaire is good.

ANALYSIS & FINDINGS:

The current study is aimed to study the filtering elements that affect the buyers behavior. For analysis demographic factors have been explored through various percentage method and for filtering elements factor analysis has been used.

Table 1.1: Demographic Profile of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	160	32.1	32.0	32.0
Female	340	67.9	68.0	100.0
Total	500	99.8	100.0	
18-25 years	105	21.0	21.0	21.0
26-35 years	180	35.9	36.0	57.0
36-45 years	90	18.0	18.0	75.0
46-55 years	85	17.0	17.0	92.0
Above 55 years	40	8.0	8.0	100.0
Total	500	99.8	100.0	

	Frequency	Percent	Valid Percent	Cumulative Percent
Married	350	69.9	70.0	70.0
Unmarried	150	30.1	30.0	100.0
Total	500	100.0	100.0	
Undergraduate	111	22.2	22.2	22.2
Graduate	167	33.3	33.4	55.6
Post Graduate	155	30.9	31.0	86.6
Others	67	13.6	13.4	100.0
Total	500	100.0	100.0	
Less Than 20000	25	5.0	5.0	5.0
20000-40000	115	23.0	23.0	28.0
40000-60000	130	26.0	26.0	54.0
60000-80000	125	25.0	25.0	79.0
80000-100000	105	21.0	21.0	100.0
Total	500	100.0	100.0	

Table 1.1 shows the demographic profile of the respondents. The study showed that majority of respondents are females with 67.9% in comparison to males with 32.1%. In case of their age groups, the majority of respondents belong to the age category of 26-35 years with 36% respondents followed by 18-25 years age group with 21% respondents, 36-45 years and 46-55 years. The study indicates that for online shopping age is not an influencing factor. People are getting more advanced towards Internet and so for online shopping. If we talk about their marital status, majority of the respondents are married with 70% than unmarried with 30%. This reports that married people have more tendency to buy online. Qualification profile of the respondents reported that majority of the respondent are Graduates with 33.4% followed by Post graduates with 31% and Undergraduates with 22.2% which shows that qualification does not impact the buying behaviour of the consumers while buying online. The study also shows that majority of respondents are from the salary group 40000-60000 with 26% followed with a minor difference of income group of 60000-80000 with 25% and 20000-40000 with 23%.

FACTOR ANALYSIS:

Factor analysis is a tool for data reduction and structure detection. Different factors have been studied and the role of factor analysis is to keep the significant factors and omit the non significant factors. The method followed here is the Principal Component Analysis along with rotation procedure of Varimax for summarizing the original information with minimum factors and optimal coverage. Here the Kaiser-Meyer-Olkin measure of sample adequacy test is followed and Bartlett's test of sphericity if followed to check if the factor model is appropriate.

Table 1.2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.949
Bartlett's Test of Sphericity	Approx. Chi-Square	17098.410
	df	91
	Sig.	.000

As per Kaiser Criterion, we retain only those components whose Eigen value is greater than 1. This is because unless a factor extracts at least as much as the equivalent of one original variable, we drop it. The KMO measures the sample adequacy which should be greater than 5 for satisfactory factor analysis and in our study KMO value is 0.949. The degree of common variance is marvelous as per Kaiser Criterion among all variables. If a factor analysis is conducted, the factors extracted will account for substantial amount of variance

Table 1.3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.694	62.102	62.102	8.694	62.102	62.102
2	1.762	12.588	74.691	1.762	12.588	74.691
3	1.004	7.170	81.860	1.004	7.170	81.860

Extraction Method: Principal Component Analysis.

The table shows that these three components are Eigen value more than 1, so the four components will be used. The cumulative percent of the variance explained by these factors is 81.860%.

Table 1.4: Rotated component with factor loading for all items greater than 0.5

	Component Matrix		
	Privacy	Security	Trust worthiness
No possibility for touch, feel or see to assess quality	.564		
Suffering from backache due to long online shopping hours	.640		
Fear of misuse of credit card	.611		
Fear of social isolation and losing social contacts	.687		
Fear of on time delivery after payment		.605	
Fear of developing eye strain problem			.869
Doubt about the performance of the product as expected			.989
Fear of experiencing unnecessary tension due to shopping online			.996
Fear of personal information being sold or rented without consent			.993
Fear that the delivered products would not match those described on the website			.995
Fear of choosing poor product/service			.994
Worry that friends would think that I am trying to show off by purchasing online			.994
Uncomfortable feeling on thought of purchasing online			.997
Bodily discomfort due to poor while purchasing apparels			.997

Three components were factor analyzed by Principal Component analysis using Varimax rotation. The analysis yields four components i.e. Privacy, Security and Trustworthiness. Out of 15 statements while using rotation 1 statement were deleted as their factor loading was less than 0.5.

First factor is labelled as Privacy. The factor is loaded with four items. It is clear from these items that they are related to the privacy of the consumers while buying online. These items include no possibility to touch the product, their credit cards details and their fear of losing their social contacts. So privacy concern is an important factor that affects the buying motive of the consumers.

Second factor is labelled as Security. The factor is loaded with only one item that is fear of not getting the delivery on time. So they are more concerned about the security that if they have already paid but they will not get the product on time.

Third factor is labelled as Trustworthiness. The factor is loaded with nine items. Trustworthiness has emerged as very important factor to affect the buying motive of the consumers. The items include the concern about the performance of the product, fear of information, if the delivered product would match the shown on website, if wrong product will be choose, fear if friends will show that they show off and personal health issues.

CONCLUSION:

The current study was aimed at extracting the fear factors or filtering elements that affect the buying motive of the customers. There are various Demographic, Psychographic, Social and Cultural factors that impact the consumer behaviour but in case of online shopping there are some filtering elements or the fear factors that further filters the buying motives of the respondents. The current study showed that three components have been extracted that filters the buying motive i.e. Privacy concern, Security Concern and Trustworthiness. Among the three components, trustworthiness has emerged as the most loaded factor with nine items that shows the consumers are more concerned about the trust they can have on the online merchants.

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