

Chapter 58

Difficulty in Transition: Study on Hindrances in Online Shopping for Potential Shoppers

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ABSTRACT

The purpose of this article is to identify and study various risks that stop potential online shoppers to shop online. A total of 268 potential online shoppers were personally surveyed with a structured questionnaire. These respondents were from Gurgaon city. Exploratory factor analysis and regression analysis were used to assess the potential consumers' risk perception towards online retailing. It was found that potential online shoppers considered product risk, privacy risk, time risk, social risk, and security risk to be important while thinking of online shopping. Among all these risks security risks were found to be on potential online buyers' minds followed by product risk, social risk, privacy risk, and time risk. Online shopping behavior was the dependent variable in the study.

INTRODUCTION

Online retailing is the process of buying and selling over the internet (Zeithaml, Parasuraman & Malhotra, 2000). Online shopping is found to be an important online activity of Indian internet users. This is supported with an estimate of 43.8 percent digital buyer penetration in 2016, Retail web-based business deals in India added up to around 16 billion U.S. dollars that year and are anticipated to outperform 45 billion U.S. dollars in 2021. Mobile shopping has picked up pace in India as well. Around 49 percent of Indian shoppers expressed utilizing their mobiles for purchasing goods or services. This share is above the trend shown worldwide on an average – which stood at 38 percent as of 2016 – and the second-highest figure in the globe, only behind China. What is under our study is that the rest of the percentage of shoppers who have not expressed their interest in online shopping until now.

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Difficulty in Transition

Previous researches have advocated that in comparison to offline retail consumers feel more risk in online retail because of the involvement of the internet. Despite the tremendous growth of the online retail sector in India many national and international players are struggling to find a model that can guarantee the sustainable growth in the ever-changing taste and preferences of Indian consumers' market as well as changing the business environment. Marriott & Williams (2018) when explored consumers perceived risk and trust for mobile shopping found that many buyers hesitate to shop online because of various perceived risks like privacy risk and security risk.

Previous researchers (Lee & Tan, 2003) found consumers perceived online shopping riskier than offline (Brick & Mortar) shopping and that higher levels of perceived risk influenced purchase intention. However, customers who have a lower level of perceived risk tend to shop online majorly. Miyazaki and Fernandez (2001) also advocated that the online shopping behavior of consumers is strongly governed by the perceived risk of online shopping. A consumer who either had a positive online shopping experience earlier or had a positive recommendation from their peer group will have a positive perception of online shopping. Li & Huang (2009) confirmed the same with their research that consumers feel worried that their personal information will not be safe on the internet and unauthorized access on the Internet is always a matter of worry for them. Furthermore, digital payment gateways have always shaken the trusts of the consumers for both internet banking as well as payment on the shopping sites, which affects the growth of e-commerce transactions (Hoffmann & Soye, 2010). Thus, trust influences consumer attitudes toward online buying and assurance given by online retailers always help in lowering perceived risk in online shopping (Lee & Tan, 2003, Ha & Lennon, 2010).

REVIEW OF LITERATURE

Previous researches have been reviewed covering e-tailing, key issues, and challenges, reasons for adoption and non-adoption of e-tailing. The following are the risks identified which are creating hindrances for potential customers in the adoption of online retail.

Privacy Risk

Privacy refers to “the degree to which the online shopping web site/App is safe and protects the customers' information” (Chiu et al., 2009). Privacy in e-tailing is defined as what consumers feel about the safety of personal and financial information on the web (Bart et al., 2005) or how much the consumer is ready to share information over the web (Belanger et al., 2002). Perceived privacy risk is defined as the “likelihood that online businesses might use personal information inappropriately hence marching into a consumer's privacy” (Nyshadham, 2000). The introduction of big data and cloud computing has made privacy an increasingly important issue (Flavia'n and Guinali'ú, 2007). As a result of which consumers feel unsafe in sharing their data as they were afraid of how their data will be collected and used. (Flavia'n and Guinali'ú, 2007). Orubu (2016), attempted to study unique attributes/ determinants of trust and intention to buy online and came up with the conclusion that as the first time user of online shopping is full of doubts and usually hesitate to buy online from an unknown vendor, the same can be reduced if vendor specific guarantee with the product is associated as compared to the absence of guarantee from the other vendor. Customer's reviews of already existing customers on the online platform also place a very crucial role for the non-users to be users.

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