

INTERNET SHOPPING: AN EXAMINATION OF CUSTOMER INTENTIONS WITH RESPECT TO RISK AND TRUST

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ABSTRACT: In Pakistan, the trend of online shopping is increasing day by day. A branded apparel website of Pakistan "Khaadi" was chosen for the study. The aim of the study was to investigate the internet purchasing behavior of Pakistani female consumers, with the specific emphasis on impact of online risk and trust perceived. An online survey method was used from a well-known website, smartsurvey.com. The sample consisted of 160 respondents and the data were analyzed using *Structural Equation Modeling (SEM) in IBM SPSS Statistics 20 and AMOS*. The findings presented that the perceived online risk was significantly correlated ($r=0.559$, $P<0.01$) with intentions towards online shopping and trust in online vendors was also significantly correlated ($r=0.342$, $P<0.01$) with intentions towards online shopping. The study concluded that consumers have a positive intentions towards online branded websites.

Keywords: Online shopping, internet purchasing behavior, perceived online Risk, persistent behavior, Pakistani female consumers.

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INTRODUCTION

Retail transactions on Internet are becoming gradually vital (Molinillo *et al.*, 2017). These stores grows since an outdated and traditional brick- and-mortar design to a more innovative as well as an advanced ones, where brick- and- mortar means, a trade existence by traditional outlets that have existence, as an only way (Bag *et al.*, 2019). The technology has made possible the efficient, fast and spur-of-the-moment collection and exchange of information (Shi and Liao, 2017). People can buy a variety of products from online stores like toys, clothes, shoes, accessories, household appliances, etc. Customers in developed countries have embraced the trend of online shopping. Especially the youngsters / young generation have encouraged and appreciated this new concept. For the success of electronic commerce it is essential for the vendor to deeply understand the needs and choices of their customers (Lin *et al.*, 2018). We expect the shopping done online will grow exponentially. It doesn't mean that the physical stores will go away, but the shopping that will ultimate done in physical stores will be done from online websites (Bianchi and Andrews, 2012). In an online as well as traditional era mobile phones acts a significant part while developing shopping links. "It is necessary to be there on the mobile phones" Matt Lawson, 2018, 'but it is equally more imperative to generate amusing and an appropriate practices that attach your outlet with the shoppers and encourage them to come again or to increase their purchase intent" (Kahn, 2017). According to (Lin *et al.* 2018), the product

appearance matters a lot in the tactics and policies of marketing online vendors. Web purchasing introduces us to the virtual environment in which we have the facility to buy the products according to our need and want. A branded women apparel website has been chosen for research purpose i.e. "Khaadi", a multinational Pakistani women clothing fashion brand founded in 1999.

People use to prefer online shopping because of convenience, for example if we talk about the traditional stores for buying anything like shoes, clothes, accessories, toys, we have to go to the market, then have to find out the particular shop then we ask about the prices of most of the products similar to that we are about to buy and then finally we buy the selected item. It will take more time and cost, because we will move towards vehicle for going and coming back. So, online store provides us ease to save time and money. Secondly, several previous literature have keenly observed the real and actual resources to create the customer trustworthiness, for giving pleasure to their customers (Zheng *et al.*, 2017) and to deliver superior value (El-Adly, 2019; Tran *et al.*, 2019). The excellence of literature is the most significant element that impact trustworthiness of review as well as consumers' upcoming actions towards buying (Chakraborty and Bhat, 2018). For example, in order to draw the attentions of the consumers, there are inexpensive and best prices of products, that internet web-stores cope with, as compared to traditional stores, it happens because the items for consumption are sold without the support of the dealer or middleman; thus the dealings are made straight forwardly from the vendor to consumer (Hussain *et al.*, 2018).

These types of dealings are called business to customers (B2C) transactions. E Commerce adoption in some countries are very slower (Alrousan and Jones, 2016). By way of illustration, the business-to-business (B2B) dealings have been enhanced but business- to-customer (B2C) transactions have limited growth (Faraoni *et al.*, 2019). The Business to Customer dealing is done between the Manufacturer/ owner/ seller and the customer, only two parties are involved. Forming an internet trust in online websites is a difficult task tackled by online vendors, particularly those with recently developed websites or those who do not like any brand status and repute (Pengnate and Sarathy, 2017), but for a reputable brand it is not difficult to build trust. The complaints and issues are handled and resolved by the business or manufacturer directly. Thirdly, varieties of products are there to choose. Customers' comments whether positive or negative for a particular website, recognized to impact in the development of trust factors that leads them towards decision making (Stouthuysen *et al.*, 2018). Several recognized brands are available as well as international brands to purchase without spending money and fare on air. Fourthly, a brilliant electronic service is necessary for the internet vendors to be prosperous also the customers to be fulfilled and pleased. The reliability, security, privacy, design, customer value and so many other factors are to be considered while purchasing (Slater and Narver, 2000; Aladwani and Palvia, 2002; Chen and Dubinsky, 2003). Through online shopping, we can do comparisons and also surf easily the prices of the products while buying from a website. It also gives the ability to share the experiences of online websites to social websites and let people know about the consequences and also give opportunities for new shoppers to purchase at very first time by reading comments. Through manual retail stores it is often difficult to give or take feedback (Ulrich *et al.*, 2003; Franke and Piller, 2004; Piller *et al.*, 2005) about the product but in an online store it is no more difficult to know the reviews about the product for the manufacturers that they can make changes, resolve issues and may develop new strategies and for new purchasers, a motivation to purchase. Through literature the study developed the hypothesis against each variable from the model.

H1: perceived Online Risk has a positive influence on Consumer Intention to Purchase online.

H2: Trust in Online Vendors has a positive Influence on Consumer Intentions to Purchase online.

H3: Consumer Propensity to Trust has a positive influence on consumer Intentions to Purchase online.

H4: Cultural Environment of Trust has a positive influence on Consumer Intentions to purchase online.

The aim of the study was to investigate the Pakistani female consumers' internet purchasing behavior, with the

specific emphasis on impact of online risk and trust perceived.

MATERIALS AND METHODS

The instrument designed for data collection was questionnaire. For the reliability of data, a pre- test was conducted for 40 surveyors. A 5- point Likert- type scale was used to collect the responses (Eid, 2007, Yang *et al.*, 2008). The survey was done, from all the women who use to buy their apparels from "Khaadi web store". The survey was done online from *smartsurvey.com*, and also questionnaires were filled through face-to-face. The time horizon for the study was cross-sectional (Kumar *et al.*, 1994). All the respondents/ participants were University students, some of them were job holders. A sample of 160 participants were taken, convenient sampling method was used for the purpose of data collection. The population of study was taken according to the students who buy their apparels from branded websites. The sample selected for the study, was proper and suitable to deliver a sort of necessary data, since the respondents were civilized and literate as compared to the individuals who were not much educated such as common public. The respondents were also asked to forward the surveyor to others to get more responses. By forwarding the surveyor to others by respondents, thus we extended our sample size using the snowball sampling technique.

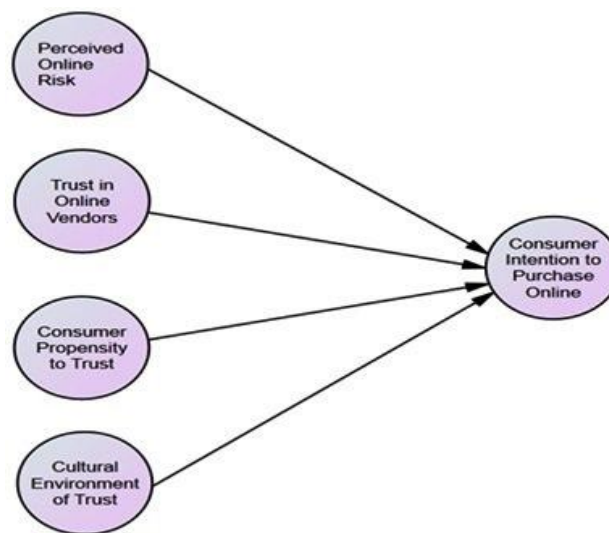


Figure-1. The Model of an impact of online risk and trust perceived on intentions.

Total 160 participants had completed the survey. All the participants were female and 100 percent of them having purchased at least once from the "Khaadi web store". The demographic characteristics are shown under Table1. All the responses from the respondents were examined with the five-point Likert

Scale that is 1= (Strongly Disagree) to 5= (Strongly Agree). The items were adopted to measure Perceived online Risk, Trust in Online Vendors, Consumer Propensity to Trust, Cultural Environment of Trust and Consumers Intentions to Purchase Online.

Demographic Information: Data includes respondent’s personal details like age, gender, degree, occupation and overall experience of using the “Khaadi” website.

RESULTS

The result showed clearly that the respondents have made online shopping from the Khaadi website, all the respondents were female. Most of respondent’s ages were in the middle of 16-30 years, the respondents of this age group were youngsters/ young girls that were about

22% of the total, who really appreciated the concept of online shopping, 19 respondents were between 45-60 years of their age, 35 respondents were between 35-45 years of their age. Fifty of the respondents were university students from which 11 respondents were job holders, 57 respondents were public sector employees other than the students and 7 respondents were doing their jobs in the private sector and only 36 respondents were housewives. Most of the respondents were having less than 5 year experience that is 81 respondents the total of 37.5%, and so on. In dimension refinement process, item-to-total correlations, the standardized Cronbach’s alpha (α), an Exploratory Factor Analysis tests were conducted by using SPSS. All the measures in confirmatory factor analysis (CFA) were used to test the proposed Structural equation Modeling (SEM).

Table-I. Results of Correlation, Mean and Standard Deviation of perceived online risk, trust in online vendors, consumer propensity to trust, cultural environment of trust and consumer intentions to purchase online.

	Mean	SD	POR	TOV	CPT	CET	CIP
POR	6.76	2.837	1	.559**	-.263**	.481**	-.250**
TOV	16.49	2.210	.559**	1	.101	.308**	.110
CPT	10.27	3.107	-.263**	.101	1	.043	.212**
CET	9.96	2.344	.481**	.308**	.043	1	.093
CIP	12.31	3.042	-.250**	.110	.212**	.093	1

Notes: POR, Perceived online Risk; TOV, Trust in online vendors; CPT, Consumer propensity to trust; CET, Cultural environment of trust; CIP, Consumer intention to purchase online; **correlation is significant at 0.01 level.

In the dimension refinement process, item-to-total correlations, standardized Cronbach’s alpha (α), Exploratory Factor Analysis tests were conducted by using SPSS. Single measurement Models and Confirmatory factor analysis (CFA) were done, considering common procedures in Structural Equation Modeling (SEM) by using AMOS. All the measures in confirmatory factor analysis (CFA) were used to test the proposed Structural equation Modeling (SEM) (Hair *et al.*, 2006).

DISCUSSION

Forming an internet trust in online websites is a difficult task tackled by online vendors, particularly those with recently developed websites or those who do not like any brand status and repute (Pengnate and Sarathy, 2017), but for a reputable brand it is not difficult to build trust. The Structural equation modeling (SEM) was used for analyzing the data also to test the proposed model and hypothesis. It showed a relatively an appropriate fit for model. These are obtained from AMOS analysis. The Chi-square value i.e. χ^2 / Degrees of freedom = 25, TLI= 0.831, the TLI > 0.9 that means it is satisfactory, CFI=0.906, the CFI > 0.9 that means it is satisfactory, , and RMSEA= 0.122, RMSEA < 0.08 means acceptable

fit. The estimated values are the r values. The Pearson correlation coefficient, r, can take a range of values from +1 to -1. A value of 0 indicates that there is no link among two variables. A figure more than 0 shows a positive relationship; i.e., as the value of one variable increases, so does the value of the other variable. We use confirmatory factor analysis, correlations and tests to examine the validity and reliability of all the variables using ‘ α ’ reliability. Almost all items were positively and significantly linked with their conjectured features. Questionnaire was developed with mixed positive and negative items to decrease common technique bias variance. From findings, the results of H1 indicates that perceived online risk is significant ($r=0.559$, $P<0.01$) but negatively correlated to intentions to purchase online, for that reason H1 supported. The results of H2 indicates that trust in online vendors is significant as well as it is positively correlated to intention to purchase online, ($r=0.342$, $P = 0.01$), for that reason H2 sustained. The outcomes of H3 proposes; the consumer propensity to trust is positively likewise significantly correlated with intentions to purchase online ($r=0.019$, $P=0.809$), consequently H3 supported. Lastly, H4 proposes that cultural environment of trust is not significant to consumer intention to purchase online ($r=0.256$, $P<0.01$), yet the H4 is rejected. Most researches on online

shopping behavior have focused strongly on the developed countries like Europe, UK, positive intentions to purchase from the internet. The study pointed out that the web environment is unsafe and that particular point hold up the past researches by Ha and Coghill (2008) and (Oliveira *et al.*, 2017; Wu *et al.*, 2017). Moreover, all participants of our study were highly educated females and they have more internet knowledge. Prior literature propose that more involvement with internet purchasing consumers have, the low possibility of risk they perceive on the net (Forsythe *et al.*, 2006; Wu *et al.*, 2017; Zhang *et al.*, 2018). In Pakistan, the business to consumer e-commerce is on growth as approximately 571 indigenous e-merchants were by now agree to receive remittances by means of banking sectors from end of June, 2017, with total yearly local revenues valued Rs. 9.8 billion, State Bank of Pakistan (SBP, 2017). As the study explained USA, China, Australia (Meeker and Wu, 2018; Shamshiri, 2019) and less focus has been given to online shopping behavior of developing countries like Pakistan. According to the findings Pakistani consumers have that all respondents of the sample had very well experience and a very well know how of shopping via internet, so the respondents of the study have already created the trust and belief level with the Khaadi online store.

Conclusion: The study concluded that consumers have a positive intentions towards online branded websites like “Khaadi”. Our respondents were familiar with other branded websites as well. The respondents were potentially aware with all those brands and developed the level of trust, positive association and reputation as well (Gefen and Heart, 2006; Stranahan and Kosiel, 2007). Additionally, from the cross cultural literature, we found that, there is more tendency to believe in their own ethos and with outsiders as well, in communists’ norms and values (Gong, 2009). The conclusions prefigures sound for Pakistani small and medium enterprises while in view of adding internet trading networks to the existing traditional stores. A convenient sampling method (Pham *et al.*, 2018) has been used in the research while collecting data from respondents, who are university students and are more educated than general public because according to the previous literature the descriptive sampling could be an issue (Blaikie and Priest, 2019). So, the more sophisticated the social class will be they will adopt the technology more easily and will perceive that it is useful (Maldifassi and Canessa, 2009).

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