

A STUDY ABOUT RISK AWARENESS ON ONLINE SHOPPING IN SRI LANKA

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ABSTRACT

The internet has created a revolutionary impact in everyday communications and transactions. It is considered the fastest growing mode used to shop. Internet shopping is also referred to as online shopping. Online shopping is a fast and efficient way for consumers to purchase products and services. The purpose of this research is to provide insight into issues related to online shopping. A survey was carried out among the public to identify their perceptions of online purchasing and the challenges they face with online purchasing. The results indicated that there is a high level of respondents in the sample are aware about the risk on the online shopping in Sri Lanka.

It is recommended that further research can be done to study the relationship between gender and online purchasing behavior with a focus on the Sri Lankan scenario which is unique in its diversity of population.

Keywords: *Online Shopping, Purchasing Behavior Perception and Risk of Online Shopping*

INTRODUCTION

Online shopping or **E-Commerce shopping** is an online retailing that comes from e-commerce where customers are allowed to buy directly from seller or producer over the internet using web browser and it is called **pure play** where traditional business is called **brick and mortar** but some time **click and mortar** also do e-commerce activity despite of having their physical store. Online shopping is also where consumers can buy or order product at home without ever leaving the house. Online shopping can be divided in two parts that are physical products like Smartphone or notebook and digital products like music or movie. Just about anything can be bought online from cosmetics toward gadget or book and car spare part. Internet makes life simple and innovative. People are doing business online and trade has become more easy and fast due to internet that provides new ways to promote business. Website has become the essence tool of online business as to show their services and products. Internet gathers all competitors and consumers in one place. It brings new lane to promote and advertise products and services in market (**Barry Silverstein, 2002, p. 3**).

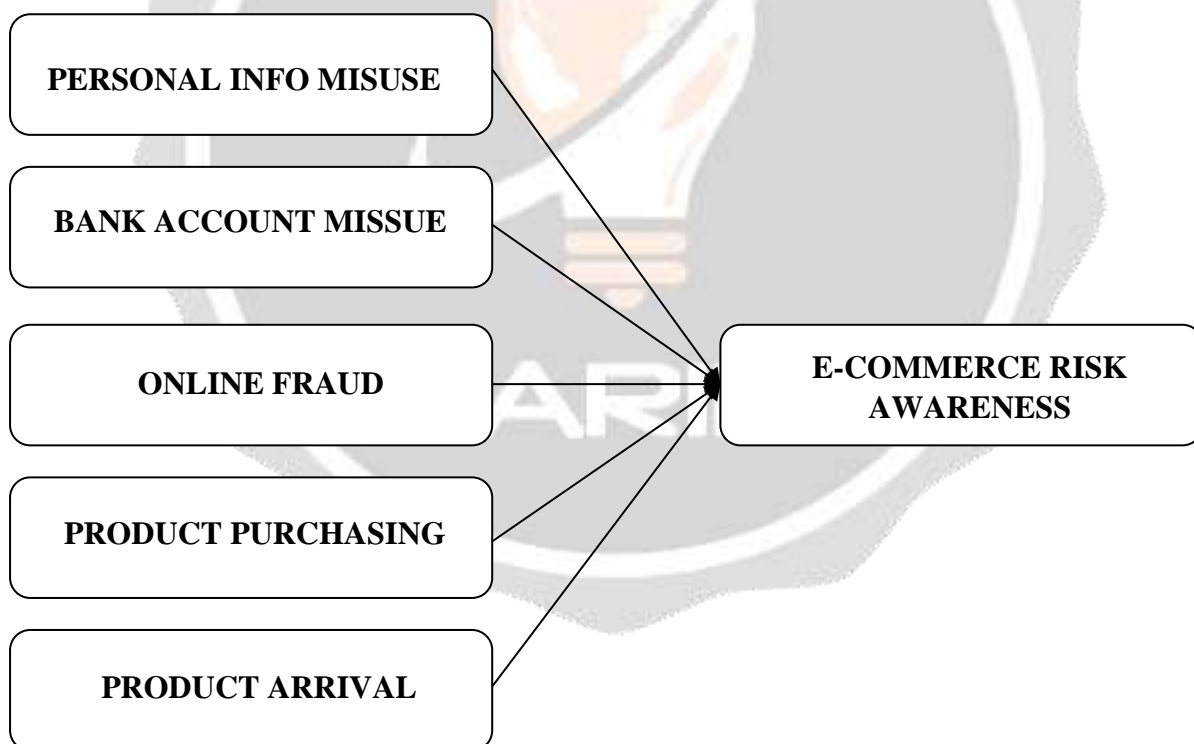
Privacy risk is sometimes called intimacy risk. E-shops usually register all personal information of their customers, not only the data they are willing to give when finishing the acquisition forms, however conjointly information concerning their activity on the web site, making a profile for every client. This would not be such a big issue if the e-shops use the data only for their own interest, yet more frequently customer databases are sold to third parties, exposing consumers to unwanted advertising messages. Security risk is additional or less connected to the monetary one. If financial risk discussed before referred to the probability of losing the money paid for a product because of product faults or low performance, security risk includes financial risk with a larger stake. When paying by master card over the net the consumer risks losing all the money in his bank account as his personal information can be stolen by hackers.

Business world has changed extremely with the development of internet as essential business platform. No doubt e-commerce has grown extensively and rapidly in current business world and can be defined as commercial transactions conducted electronically on the internet (**Kotler & Keller, 2012**). According to **Heng & SH (2003)** said that e-commerce or online shopping dates for over **40** years, and it is constantly growing with new innovations and technologies, and many businesses are entering to online markets. Online shopping can be determined as activity that deals with selling of goods and services through internet and for businesses is important to be aware of how consumers perceive online purchases. Now many people are predicting that soon the period of e-commerce could easily be replacing the traditional business of brick and mortar. (**Tang et al., 2005**) state that there are lots of people online around the world, and each of them represent possible customer of stores which offer online sale. While there are a lot of them, it is essential to know what they really need and want from the product. The primary step is classifying and examining some influencing factors for online purchases, so examining those factors that influence consumers 'behavior via the internet is vital.

The purpose of having this research is to know the risk of online e-commerce toward consumer personal info, the threat toward the online consumer like bank account, online fraud, product purchasing and product arrival. The main point is to know whether the consumer get product just like what the e-commerce site advertises. Other than that, is to see whether consumer have awareness on the potential risk of any online shopping or e-commerce.

CONCEPTUAL FRAMEWORK

The below conceptual model was used in this research to examine the risk awareness in online shopping in Sri Lankan context.



RESEARCH METHODOLOGY

This research used quantitative research methodology and according to (**Aliaga & Gunderson 2002:81**) quantitative research is explaining phenomena by collecting numerical data that are analyzed using mathematically based methods in particular statistics. In another definition, according to (**Muijs 2004:2**) quantitative research is essentially about collecting numerical data to explain a particular phenomenon and is a descriptive research study with major purpose was to gain a better understanding.

In this study, the probability sampling was used because the elements in the population have some known change or probability of being selected as sample subjects. The method used in this research was stratified random sampling. According to (Sekaran 2000), this sampling design, which is the most efficient, is a good choice when differentiated information is needed regarding various strata within the population known to differ in their parameters. Therefore, the total of sample are **100** respondents.

In this research, the descriptive analysis was carried out to describe demographic of respondent and moreover it was done to capture the tendencies of respondents on each variable of respondent on risk awareness on online shopping. Furthermore, as data captured from the questionnaire were nominal and interval data, only the descriptive analysis and inferential analysis considered to be necessary.

HYPOTHESIS

- H1** :- There is a difference in the risk awareness of online shopping among different age groups.
- H2** :- There is a difference in the risk awareness of online shopping between male and female users.
- H3** :- There is a difference in the risk awareness of online shopping between users and non users of e-commerce.

RESULTS AND DISCUSSION OF FINDINGS

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21 - 30	70	70.0	70.0	70.0
	31 - 40	30	30.0	30.0	100.0
	Total	100	100.0	100.0	

According to the results 70% of the respondents are in the age group of 21 - 30 and 30% of the respondents are in the age group of 31 - 40.

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	47	47.0	47.0	47.0
	Female	53	53.0	53.0	100.0
	Total	100	100.0	100.0	

According to the results 47% of the respondents are Male and 53% of the respondents are Female.

E - Commerce User

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	85	85.0	85.0	85.0
No	15	15.0	15.0	100.0
Total	100	100.0	100.0	

According to the results 85% of the respondents are E-commerce users and 15% of the respondents are Non users of E-commerce.

Personal Data Misuse

Statistics

	Have safety issue on personal data misuse	Have personal data misuse on E-commerce site	Data in E-commerce site is use for online fraud	Personal data in E-commerce site is not safe	Personal data have no privacy factor
N Valid	100	100	100	100	100
Missing	0	0	0	0	0
Mean	3.29	3.14	3.36	3.54	3.46
Std. Deviation	1.183	1.287	.938	.797	1.019

Statistics

Personal_Data_Misuse

N Valid	100
Missing	0
Mean	3.3580
Std. Deviation	.77709

When observing the results, its showing that the mean value is 3.358, clearly explaining that respondents aware about the Personal Data Misuse in E-commerce at moderate level.

Bank Account Misuse

Statistics

	Have safety issue on bank account misuse	Online Fraud on credit card info	Credit card info is use for unwanted purchasing	Credit card info usage out of control	Money loses on bank account due misuse
N Valid	100	100	100	100	100
Missing	0	0	0	0	0
Mean	3.42	3.49	3.49	3.51	3.49

Std. Deviation	.966	1.049	1.040	1.105	1.020
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Statistics

Bank_Account_Misuse

N	Valid	100
	Missing	0
Mean		3.4800
Std. Deviation		.83799

When observing the results, it is showing that the mean value is 3.48, clearly explaining that respondents aware about the Bank Account Misuse in E-commerce at moderate level.

Online Fraud

Statistics

		Unsecure data lead to online fraud	Lack of full system security lead to online fraud	Lack of Awareness lead to online fraud	Self-Awareness can prevent online fraud	Knowledge can prevent online fraud
N	Valid	100	100	100	100	100
	Missing	0	0	0	0	0
Mean		3.44	3.62	3.64	3.69	3.73
Std. Deviation		1.067	.826	.905	.950	.874

Statistics

Online_Fraud

N	Valid	100
	Missing	0
Mean		3.6240
Std. Deviation		.67885

When observing the results, its showing that the mean value is 3.624, clearly explaining that respondents are about the Online Fraud in E-commerce at high level.

Safe Trade

Statistics

		Safe trade protect bank account	Safe trade protect from online fraud	Consumer will get product after payment	No product delay with safe trade	Product delivery fast with safe trade
N	Valid	100	100	100	100	100
	Missing	0	0	0	0	0
Mean		3.56	3.62	3.71	3.42	3.65
Std. Deviation		1.028	.885	.808	1.103	1.048

Statistics

Safe_Trade

N	Valid	100
	Missing	0
Mean		3.5920
Std. Deviation		.70031

When observing the results, its showing that the mean value is 3.592, clearly explaining that respondents aware about the Safe Trade in E-commerce at high level.

Product Purchase

Statistics

		Seller respond fast to product order	Seller provide courier tracking ID	Product shipment fast after purchase	Product Purchase without hidden cost	Product purchase cheaper than store
N	Valid	100	100	100	100	100
	Missing	0	0	0	0	0
Mean		3.58	3.60	3.58	3.48	3.63
Std. Deviation		1.046	.829	.934	.937	.971

Statistics

Product_Purchase

N	Valid	100
	Missing	0
Mean		3.5740
Std. Deviation		.69204

When observing the results, its showing that the mean value is 3.574, clearly explaining that respondents aware about the Product Purchase in E-commerce at high level.

Product Arrival

Statistics

		Product arrive on time	Product arrive safely	Product arrive fast	Product same as order	Product have no defect
N	Valid	100	100	100	100	100
	Missing	0	0	0	0	0
Mean		3.30	3.36	3.38	3.41	3.53
Std. Deviation		1.087	.938	.940	1.065	1.049

Statistics

Product_Arrival

N	Valid	100
	Missing	0
Mean		3.3960
Std. Deviation		.79645

When observing the results, its showing that the mean value is 3.396, clearly explaining that respondents aware about the Product Arrival in E-commerce at moderate level.

Overall view

Statistics

Risk_Awareness

N	Valid	100
	Missing	0
Mean		3.5040
Std. Deviation		.55010

Overall, its showing that the mean value 3.504 explaining that the respondents aware about the Risk Awareness on E-commerce high level.

Testing the hypothesis

H0 :- There is no difference in the risk awareness of online shopping among different age groups.

H1 :- There is a difference in the risk awareness of online shopping among different age groups.

Independent Samples Test

	Levene's Test for Equality of Variances	t-test for Equality of Means								
		F		Sig.		95% Confidence Interval of the Difference				
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Risk_Awareness	Equal variances assumed	3.743	.056	1.013	98	.314	.12159	.12003	-.11660	.35977
	Equal variances not assumed			1.088	65.178	.280	.12159	.11172	-.10152	.34469

According to the Levene's test for the equality of variances, the significant value shows that $0.056 > 0.05$, therefore it has assumed that it has the equal variances. And in the t-test for equality of means the significant

value shows it $0.314 > 0.05$. Therefore, there is no enough evidence to reject the null hypothesis. Therefore, there is no difference in the risk awareness of online shopping among different age groups of customers.

H0 :- There is no difference in the risk awareness of online shopping between male and female users.

H1 :- There is a difference in the risk awareness of online shopping between male and female users.

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Risk_Awareness Equal variances assumed	1.974	.163	1.470	98	.145	.16106	.10958	-.05639	.37851
Equal variances not assumed			1.463	94.233	.147	.16106	.11010	-.05755	.37967

According to the Levene's test for the equality of variances, the significant value shows that $0.163 > 0.05$, therefore it has assumed that it has the equal variances. And in the t-test for equality of means the significant value shows it $0.145 > 0.05$. Therefore there is no enough evidence to reject the null hypothesis. Therefore there is no difference in the risk awareness of online shopping between male and female customers.

H0 :- There is no difference in the risk awareness of online shopping between users and non users of e-commerce.

H1 :- There is a difference in the risk awareness of online shopping between users and non users of e-commerce.

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Risk_Awareness Equal variances assumed	2.204	.141	-.612	98	.542	-.09464	.15455	-.40133	.21205
Equal variances not assumed			-.522	17.268	.609	-.09464	.18143	-.47697	.28769

According to the Levene's test for the equality of variances, the significant value shows that $0.141 > 0.05$, therefore it has assumed that it has the equal variances. And in the t-test for equality of means the significant

value shows it $0.542 > 0.05$. Therefore, there is not enough evidence to reject the null hypothesis. Therefore, there is no difference in the risk awareness of online shopping between users and non users of e-commerce.

Conclusion

This research proposed a research model for consumer perceptions of security risk when shopping online and how they are aware about the risk. The study used survey data to gather data. After data analysis was completed, the research model was modified by proposing that online shopping experience is the main determinant in how a consumer will perceive security risk and therefore will influence their intention to purchase online or do any online shopping. Another purpose of the study was to examine whether the trust on any online shopping website has a mitigating effect on the perception of security risk and therefore have a positive effect on the intention to make a purchase from the website. In traditional shopping interaction or communication among the buyer and seller is so much intensive but in case of online shopping it is very much intensive (Armstrong & Kotler, 2009). In the study about risk awareness on online shopping in Sri Lanka, there are 100 respondents were measured. And we can come to the conclusion that there is a high level of respondents in the sample are aware about the risk on the online shopping in Sri Lanka. And also there is no difference in the risk awareness of online shopping among the different age groups, male and female or between the user and non user of e-commerce.

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