Assessing Nexus between Online Consumer Behavior of Luxuries' Product and Risk Factors: Empirical Evidence from Working Women of Hyderabad, Pakistan

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Abstract

This research was an attempt to analyze the impact of different factors that causes fluctuation in the behavior of the online buyers of the city Hyderabad, Sindh. Because of the fact that the use of technology is limited and the online shopping is somewhat new in the city there are some complications in the nature of this phenomenon. The primary data has been conducted with help of adopted questionnaire as research instrument and the population of this study were people of Hyderabad. The sample size was consisting of 297 and four variables as online consumer's behavior, financial risk, product risk and convenience risk were taken for analysis. All studied variables are found have negative relationship with consumer's behavior. Policy makers should consider findings of these variables in their future policies and marketing strategies.

Keyword: Online Consumers' Behavior, Financial Risk, Product Risk, Convenience Risk

Introduction

Online Shopping is introduced in our country Pakistan and its population for the convenience as it is done online. E-commerce, E-banking and E-banking are some of the modes of online buying, selling making transactions etc. Moving forward with the time and the innovation, more businesses are switching as it has created a platform for the them and the population of Pakistan. Online shopping is relatively a newly introduced and less established source but it has an impact on people' lives. They are just a click away from buying rather than visiting a store physically. Initially it was buying and selling of goods from different countries later it converted into money exchange source like transferring of funds to the firms of other countries. With the introduction of portable technology and devices, online buying has gained more popularity and the online shopping is done more frequently. Keeping that in mind the businesses having physical stores are trying to cash the opportunity by operating through E-commerce. However, there are some websites which are doing business through E-commerce only and are generating very huge amount of sales such as Daraz.pk, Kaymu.pk and others. Now this source has some advantages and disadvantages when we see it from the perspective of the customers they have some concerns that are security of the information, same quality of the product as displayed, delivery on

time. For these concerns there is a requirement of understanding the behaviors and the factors that are related to those behaviors in depth. Some of the genuine considerable factors are limitation of unable to examine the product which puts a question in their mind about the quality and size. The trend of online shopping is more observed in urban areas of the cities of Pakistan as compared to the rural areas of the cities that is quite low.

Literature Review

Theoretical framework

Various sources are considered as factors having an impact on the mindset of the people who do online shopping. (Davis, 1993) online buying is dependent on the attitude of the buyer and on some important factors. Online shopping has some advantages but given that people who shop online are very much concerned about the security. (Holbrook, 1994) online buyers go with the specific good or service of their need at the time as it will be noted as a task or they are considering that as a work or part of work, on the other hand people who go to physical stores for shopping are going for having fun, also they fantasize for the purpose of enjoyment. (Vijayasarathyand Jones, 2000) implies that people' concern for the security has a major impact on the decision of making a purchase either online or from a physical store. (Miyazaki, and Fernandez, 2001) asserts that because of the security concerns the chances for making a purchase decline. (Sycara, 2002) claims that those who buy online has low risk due to the features of quick response, delivery on time and their secured information. (Parasuraman, et al., 1988., Trocchia, and Gwinner, 2002.,and Kim,and Lee, 2002).It simplifies as the online stores as there is a flow from taking the order, carrying out the order, providing the customers with the expected and good services, prompt response to their query and maintaining the confidentiality of the given information. (Bellman, and Colleagues, 1999), says the same by providing an explanation that the survey conducted online has given the results that young generation that is educated, have more money to spend and awareness prefers online shopping, they argued that it also is dependent upon the demographics because they are the ones who decide whether to use the source of internet for online shopping or they do not require that. However, they also state that whoever is online to buy any goods or services, here there is no such concern of demographics as they are considered as online buyers. (Bhatnagar, 2000) conducted research study implies that the demographics decide and go with the preferred store to buy goods from as they have the purchase intension and willingness to spend the money. However, men and women considers the characteristics of the goods and services through the source of the internet. Hence, it is being said that effect of demographics on the online purchase is not that much firm. (Zhang, and Dran, 1999., Small, and Barcellos, 2000), tries

to find out the impact of online purchase on the perceptionof the demographics.Teo (2002), explains through reasoning of the online shopping and has stated that the various research studies found many factors that have an impact on the behavior of the consumer. Primary requirement is the need to examine the offered goods and services in detail, secondly is the maintaining the confidentiality of the information like the information of credit or debit card while making the transaction. Many researchers have used those websites as sources which usually offers the benefits for the customers considering the price. Hence, the main thing that has the most significance is the safety and security that would attract the customer. Maintaining a customer (loyalty) is the most difficult an organization has to do as with the pace of time there are other things and ways that are being introduced, likewise the case in the online businesses. Another research study shows that the easy and friendly user interface for the buyers to operate the website is their main concern when they are buying online as it also helps to build a relationship with the customer. E-commerce helps to circulate the information of the business, helps to create business relationshipsand conduct business through online means (Mostaghel, 2006). Tian and Stewart, (2007), explained that the e-commerce helps to conduct businesses, build relationships between companies and customers, e-commerce was introduced 40 years ago and has two types that are business to business and business to consumer. Business to business is a type in which companies do the transactions, shares the information before the transaction and provides the service after the transaction. Khiabani (2006), had explained the B2B as exchanges of goods between seller to manufacturer and the retailers respectively. B2C is defined as a type of business which directly offers to the customers over the virtual means for the consumption.

Literature review and Hypothesis Development

Financial Risk and Online Shopping Consumers' Behavior

One of many elements that creates a barrier and causes a negative impact on the perception of those people who do online shopping (Barnes, 2007). Confirms that monetary related risk is unfavorable for the customer as it changes their behavior from positive to negative (Pollatsek, and Tversky, 1970). Financial risk is something that people consider at the very beginning stage when buying online also it depends upon the nature of the product that is being purchased (Bitner, and Zeithamal, 2006). Based on this literature following hypothesis has been developed.

H1: There is relationship between financial risk and online shopping consumers' behavior in Hyderabad, Sindh, Pakistan.

Product Riskand Online Shopping Consumers' Behavior

Related to the product is known as product risk that involves the concern about the quality as is it the same as displayed on the website. The probability of failure to meet the requirements of the customer is known as product risk. Alreck and Settle differs with the nature and mindset of the customers (Ajzen, 1975). Precisely the concern is whether the product worth purchasing given the money needed spend. This risk is existing because of the fraud selling and wasting of money through the internet (Crespo, 2009). The feeling of uncertainty is due to the product (of a brand or not) on which the customer expects (Bhatnagar, 2000). Following alternative hypothesis has been suggested.

H2: There is relationship between Product risk and online shopping consumers' behavior in Hyderabad, Sindh, Pakistan.

Convenience Riskand Online Shopping Consumers' Behavior

Being unable to find the required product at the time of need. Also, it is not easy for them to cancel the orders and because of that they might get the feeling of being insecure as it is the opposite of the physical stores, they get doubts filled with negative feelings that is unfavorable for a business(Forsythe, 2006). Trust and online shopping risk is what people doing online shopping consider and that represents their behavior that is considered as e-loyalty as stated by (Gommans, et al., 2001). Based on above pervious work, the below given alternative hypothesis.

H3: There is relationship between Convenience risk and online shopping consumers' behavior in Hyderabad, Sindh, Pakistan

Materials and Method

Data Source

The data source of the study is 'Primary', which involves collection of research data directly from the respondents. In other words, primary source is the direct data source related to the subject or problem. Here, data will be collected directly from the participants using a structured adopted questionnaire.

Population of Study

Population of a research study are participants or the respondents of the study that possess similar characteristics or traits (Weiss, 2012). As the aim of the study is to explore consumer's behavior and risk factors, therefore the research study the population is the respondents that matches with the nature of the topic (traits). Here we are trying to figure the behavior of the working women of Hyderabad when they purchase online.

Sampling Strategy

In a primary research, sampling is an important component, which determines the number of respondents participating in the research study. Due to several constraints, including time, geographic and finance, it is important for a study to select a subset for the population. The sampling process can be either probability or non-probability. In this case, 'convenience sampling' technique is used, which is a form of non-probability sampling, and considers accessibility and proximity of the respondents (Weiss, 2012).

Determination of Sample Size

The most acceptable way of determining sample is 10:1 (10 samples for one item. According to Roscoe (1975), proposed a rule of thumb that in case of quantitative is good enough to sample size criteria as (number of items *10). In our case, total number item is 17*10 =170. In order to get a more reliable result, 297 respondents are considered in this study.

Variables of This Study

Research is the process that defines the relationship between the variables. A variable is defined as the concept that can have different quantitative values. The present also study the relationship between different variables. The below describe the relationship among variables of the study and statistical techniques to measure the relationship between these variables.

Table 1   Hypothesis and Techniques

S. No	Hypothesis	Statement	Technique
1	**H1**	Relationship between Financial risk and online shopping consumers' behavior	Reliability analysis, Normality Test Correlation analysis
		Relationship between Product	Reliability analysis,

2	**H2**	risk and online shopping consumers' behavior	Normality Test Correlation analysis
3	**H3**	Relationship between Convenience risk and online shopping consumers' behavior	Reliability analysis, Normality Test Correlation analysis

Research Instrument

The data source of the study is primary, and therefore data will be collected directly from the research participants with the help of 5-point Likert scale Questionnaire

Table 2   Layout of Questionnaire

S. No	Variable	No. of items	Scale	Source
1	Online Shopping Consumer's behavior	3	5 Likert Scale	Tariq, et al., 2016
2	Financial risk	4	5 Likert Scale	Tariq, et al., 2016
3	Product risk	4	5 Likert Scale	Tariq, et al., 2016
4	Convenience risk	6	5 Likert Scale	Tariq, et al., 2016

Results and Discussion

Table 3   Respondents' Profile

Construct	Category	Frequency
Debit Card	Yes	194
	No	103
	Under 21	66
	21-29 Years	169

Age	30-39 Years	42
	40-49 Years	17
	Above 50 Years	3
	Matric	6
	Intermediate	71
Qualification	Bachelors	150
	Masters	62
	M.Phil / Phd	8

Reliability Analysis

Table 4 Summarizes the results of Reliability analysis

Name of variable	Cronbach's Alpha	No of Items
Online Shopping Consumer's behavior	80.4%	3
Financial risk	79.8%	4
Product risk	70.1%	4
Convenience risk	75.9%	6

You can see in above table 4 the Reliability Statistics, the value of Cronbach's Alpha is used for final decisions about the reliability of studied data. On that basis, we can level of reliability in terms of poor or good, in our case Cronbach's Alpha value of Online shopping consumer's behavior (80.4%), Financial risk (79.8%),Product risk (70.1%) and Convenience risk (75.9%). All the studied variables are found reliable and the conclusion for reliability can be drawn as data is reliable.

Normality Test

Table 5   Summarizes the results of Normality Test

Name of variable	Shapiro-Wik (P-value)	Remarks
Online Shopping Consumer's behavior	.000**	Data is not normality distributed
Financial risk	.000**	Data is not normality distributed
Product risk	.000**	Data is not normality distributed
Convenience risk	.000**	Data is not normality distributed

**Normality testat the 0.05

Source: Author's Estimation

You can see in above table 5 the test of normality, the value of shapiro-wik is used for final decisions when sample size is less than 2000. In case of test of normality, it is suggested that p-value or significance value should be greater than 0.05. On that basis, we can have studied data is normality distributed or not. Above table 6, showed that the our all studied variables' shapiro-wik (p-value) is less than 0.05.Based on this value variable of this are not normality distributed as provided guidelines, so on this data non-pragmatic test will be applied.

Hypothesis Testing

Table 6   Summarizes the results of Correlation analysis (Spearman's rho).

Hypothesis	Correlation coefficient	P-value	Remarks (Relationship)
Relationship between Financial risk and online shopping consumers' behavior	-.128	.027**	Negative and Significant
Relationship between Product risk and online shopping consumers' behavior	-.142	.014**	Negative and Significant
Relationship between Convenience risk and online shopping consumers' behavior	-.121	.038**	Negative and Significant

**Correlation significant at the 0.01 (2-talied)
Source: Author's Estimation

Findings

Relationship between financial risk and online shopping consumers' behavior

The correlation between product risk and online shopping consumers' behavior is found have negative and significant relationship. This revealed that the both stated variables confirmed by coefficient value (-.128) and significance level is (.027). Therefore, our proposed hypothesis 1 has been supported that both variables have negative and significant relationship.

Relationship between product risk andonline shopping consumer's behavior

The correlation between product riskand online shopping consumers' behavior is found have negative and significant relationship. This revealed that the both stated variables confirmed by coefficient value (-.142) and significance level is (.014). Therefore, our proposed hypothesis 2 has been supported that both variables have negative and significant relationship.

Relationship between convenience risk andonline shopping consumer's behavior

The correlation between convenience riskand online shopping consumers' behavior is found have negative and significant relationship. This revealed that the both stated variables confirmed by coefficient value (-.121) and significance level is (.038). Therefore, our proposed

hypothesis 3 has been supported that both variables have negative and significant relationship.

Discussion

The risk such as financial risk, product risk and convenience risk are found to have positive relationship for luxuries' product online consumer's behavior. A study conducted in India, the result revealed that the perceived risk such as product risk and financial risk are important while buying product online (Shree and Nagabhushanam, 2017). Consumer can compensate the risk associated with purchasing through internet, the marketers should have to develop strategies in order to provide satisfaction to consumers'.Factors are studied in Malaysia (Lim et al. 2015), the findings of this study showed that the perceived risk (product risk, financial risk, convenience risk) are important and they do influence online shopping behavior in Malaysia. Furthermore, in this study author also developed negative and significant relationship between purchase intention and online shopping behavior, this study was concluded based working adults as respondent of study. A study factor affecting online shopping behavior of customers, in India (Chaudhary and Dadhich, 2015). The hypothesis of this study indicated that in case of financial risk such as exchange of personal information and misuse of credit/debit card are considered important while buying online. For the product risk in terms of quality and cost showed significant. Based on these previous studies specially in context of marketing. Many marketers

believed on this, there should be new ways should be developed for in terms of internet for significant impact on today's businesses.

Conclusion

This study was conducted in the city of Hyderabad, Sindh to get the insights from the population and their buying behavior towards online shopping by highlighting various factors. A model was implemented to the effects of the variables using different analysis. After running the tests, the results of hypothesis testing indicateall of the variables have significant impact on the shopping behavior of the online buyers but most variable factor that the population is concerned with is the financial risk as they want the things worth of the money spent.

Recommendations

The retailers should consider these all variable factor when going for online business and make the buyers feel confident that whatever they are spending it is worth the purchase for that they can implement the feature of online customer support showing quality of the product through real-time video.

The retailers can include the feature of quality check on doorstep when delivering that must be connected with the feature of money back if the product is not up to the mark, if the retailers show that they deliver what they promise and they show no hesitation then the audience will gain their trust.

The retailers can also introduce online video shopping where they can go through the products from home as like they are at the shop and buy whatever they like.

Future Research

The limitation of this research is that due to convenience sampling and limited time the data was collected only from Hyderabad, Sindh, Pakistan. Thus, we cannot generalize the results of this study to all present in Hyderabad or to all the people living in Hyderabad. Also, this research only focused on risk factors (financial risk, product risk and convenience risk) whereas other factor such as return policy and delivery policy is not studied in this study.These factors should be taken in future and more were not included in this research.

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