

Risks in Online Buying Behavior in Jordan

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Abstract

Online shopping behaviour is attractive and interesting in today's environment. It is directly associated with consumer behaviour and decisions during the time of buying. Thus, organisations use numerous marketing tools to grab consumers' consideration when making purchase decisions. The current study provides the framework of financial risk, product risk and online shopping behaviour. A total of 350 online shopping users were interviewed to provide the data by means of questionnaire design. A nonprobability simple random sampling technique was used. The findings indicated that product risk, financial and non-delivery risks are hazardous and negatively affect the attitude of online shoppers. The outcomes of the current study visibly indicate that risks directly affect consumer behaviour when shopping online. Hence, reducing these risks can increase the online shopping behaviour of consumers.

Keywords: financial risk, product risk, online shopping behaviour, Jordan.

1.0 Introduction

The internet has developed into a new distribution channel and online transactions are rapidly increasing. This has created a need to understand how the consumer perceives online purchase. Consumers tend to switch between e-channels while buying products because of the considerably increased financial, security and also the performance risks that the Internet presents in comparison with the offline shopping.

It is recognized that risk perceptions directly affect purchasing and purchase intention, i.e. when consumers' perceived risk is high, the possibility of consumer to buy or to repurchase online will be low. It shows that perceived risk will affect the attitude of online purchasing. Negative effects

from the perception of risk have also been found to have a negative impact on shoppers' attitudes towards online shopping. Previous researches indicated that attitude towards online shopping is a significant predictor of making online purchases. Obviously, risk can be real and as long as it is real it will affect consumers purchasing behaviour. Then, consumers perceived risk of online shopping must be continuously examined to monitor the extent to which they exert negative impact to consumers' online attitude and shopping behaviour as well as to avoid them experiencing post-purchased dissonance. Hence, consumers' perceived risk is thus required to be continuously researched in order to increase online shopping.

2.0 Literature Review

Anders Hasslinger, Selma Hodzic, Claudio Opazo(2007)¹, With the passage of time, the variety of marketing channels has been increasing as is the complexity of consumers' purchasing behavior. Thus, they tend to buy the products and use the web vendors that offer high quality and low risk. As a result, e-retailers adjust their marketing strategies and focus on the minimization of product and web-vendor risks. In online purchasing it is impossible for the consumers to evaluate the product quality, because no actual contact for further clarifications with a salesperson is possible. Online buying behaviour involves the following segments:

Webographics: Study of the characteristics and user profiles of a site's visitors. This profile includes factors such as the type of computer platform, browser (with its version number), and connection speed.

Online Shopping Patterns: In simple words, buying patterns indicate how consumers purchase goods or services but are highly susceptible to change. Buying pattern refers to the typical way in which consumers buy goods or avail services- encompassing frequency, quantity, duration, timing etc. Online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser. shopping search engine, which displays the same product's availability and pricing at different e-retailers. Online Shopping is the act of purchasing products or services over the Internet. It has grown in popularity over the years, mainly because people find it convenient and easy to bargain shop from the comfort of their home or office (Kleinman, 2012).

Internet Usage: Internet usage is the measurement (expressed in bytes, kilobytes, megabytes or gigabytes) of the amount of data flowing through your computer and the Internet network for a

defined period. These data are transferred in both directions: from the Internet network to your computer (download), and from your computer to the Internet network (upload). Whether it's surfing the Web, sending emails, online games, various downloads, or using network gaming consoles, any activity on the Internet generates usage.

Sami Alsmadi(2002)², the issue of security of online transactions seems to be a major factor that restricts the willingness to make a better use of online shopping. Analysis of variance shows no significant differences in consumer attitudes due to demographic variables with the exception of income. In general, most Jordanian consumers were likely to have enough knowledge and skills in using the computer and dealing with the Internet, and have reasonable access to Internet services. They also maintained a positive impression about the current presentation and promotion of companies' web sites on the Internet. Unlike these positive attitudes, the issue of security of online transactions seems to be a major concern to consumers. It is evident that this particular issue appears to be a major factor that restricts the willingness to make a better use of online shopping in Jordan. This may sufficiently explain why many Jordanian consumers are not encouraged enough to shop online. The current study also examined possible differences among consumer subgroups in terms of sex, age, education, and income. The analysis shows that there were no significant differences in consumer attitudes due to these demographic variables, with the exception of income...the higher the income bracket of consumers, the more favorable the attitude towards online shopping. Potential explanation was offered earlier in the analysis. It was also recommended that companies need to have a better understanding of electronic buying behavior on the Internet in Jordan. They may conduct in-depth market research, focusing on how Jordanians view online buying behavior, and how they can be encouraged to make a better and more effective use of this new buying technology. Furthermore, special efforts may have to be made to improve security of electronic transactions. In fact, Consumers must be assured that their electronic transactions are sufficiently safe and secure. Without such assurance electronic buying technology may not thrive in a highly competitive and dynamic environment. In addition, future research efforts may give special attention to the security issues of online buying behaviour.

Conceptual model and the theoretical framework

The model which used in this study was developed to examine the effect of perceived risks (financial risk, product risk,) on online shopping of Jordanian consumers as shown on Figure 1. The other variables are not used from this model.

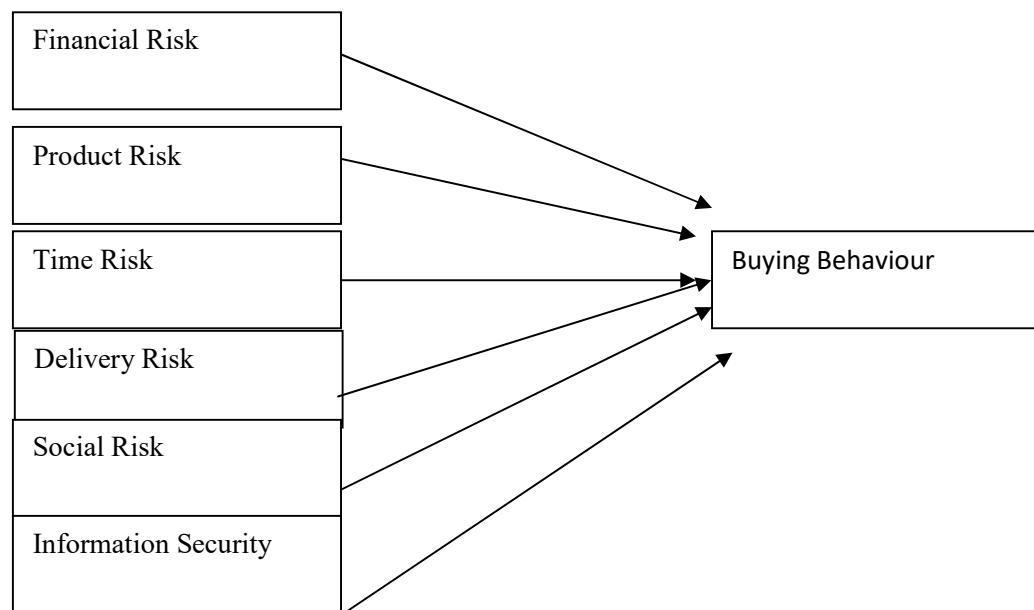


Figure 1: Theoretical Framework

Financial risk

Pallab, (1996)³ Despite the significant growth and optimistic outlook for the future growth of online shopping, negative aspects are also becoming more frequently associated with this alternative shopping method. For example, consumers are worried that the Internet still has very little security with respect to using their credit cards and disclosing personal information. **Maignan& Lukas, (1997)⁴** Financial risk is the perception that a certain amount of money may be lost or required to make a product work properly. Also, it is defined as potential net loss of money, and includes consumers' sense of insecurity regarding online credit card usage, which has been evidenced as a major obstacle to online purchases.

Product risk

Jarvenpaa and Tractinsky,(1999)⁵ The Internet, just like any type of non-store shopping, makes it difficult to examine physical goods; consumers must rely upon somewhat limited information and pictures shown on the computer screen.

Kim *et al.*, (2008)⁶Product risk is the perception that a product purchased may fail to function as originally expected. **Bhatnagar *et al.*, (2000)**⁷And it is the loss incurred when a brand or product does not perform as expected, is largely due to the shoppers' inability to accurately evaluate the quality of the product online.

3.0 OBJECTIVE OF THE STUDY

The objective of the study is to determine the impact of online buying behaviour with respect to financial and product risks of Jordanian customers.

4.0 RESEARCH METHODOLOGY

Primary Source

In this study, the primary sources are through structured questionnaire, which is distributed to the students and faculty at Mu'tah University and Jordan University to collect information that helps me to complete this paper.

Secondary source

As for the secondary sources, uses Internet, and previous studies on this subject, in addition to reference to scientific journals and books help us in completing this paper.

DATA ANALYSIS AND INTERPRETATION

The following tables are given to find out the risk involved in online buying. First the demographic profile of the respondents of two Universities is given. Daily Internet usage of the respondents, factors influencing decision to purchase goods from the internet and Specific risks like financial risk and product risk risks towards online buying behavior

Table 1 :Age of the respondents

Particulars	Frequency	Percentage
a) Less than 25 years	106	30.3
b) From 25- Less than 35 years	171	48.9
c) Above 35 years	73	20.9
Total	350	100

Out of the total 350 respondents interviewed, 106 of them were less than 25 years old, amounting to 30.30%. 171 correspondents were between the age of 25 and 35 years amounting to 48.9% and 73 were above 35 years, amounting to 20.9%. It is evident from the above table that the age group between 25 - 35 years form the biggest crowd among all the interviewers.

Table 2 :Gender of the respondents

Particulars	Frequency	Percentage
a) Male	171	48.9
b) Female	179	51.1
Total	350	100

Out of the 350 respondents, 171 are males amounting to 48.9% and 179 are females, amounting to 51.1%. It is evident that females form a bigger group in this test group.

Table 3 :University in which the respondents are studying.

Particulars	Frequency	Percentage
a) University of Jordan	169	48.3
b) University of Mutah	181	51.7
Total	350	100

Out of 350 correspondents, 169 are studying in the university of Jordan (48.3%) while 181 are studying in the University of Mutah (51.7%). It is evident that the students of the university of Mutah form a bigger crown in this group.

Table 4 :Courses pursued by the respondents

Particulars	Frequency	Percentage
a) Bachelor	70	20
b) Master	158	45.1
c) Ph.D.	122	34.9
Total	350	100

Out of the 350 respondents, 70 are pursuing bachelor's degree course amounting to 20%, 158 are pursuing master's course amounting to 45.1%, 122 of them are pursuing Doctoral degree (Ph.D.) course amounting to 34.9%. It is evident that the Post graduate degree students form the largest crowd among the interviewers.

Table 5:Daily Internet usage of the respondents

Particulars	Frequency	Percentage
a) less than 2 hours	71	20.3
b) 3 - 5 hours	144	41.1
c) more than 6 hours	135	38.6
Total	350	100

Out of the 350 respondents, 71 use Internet for less than 2 hours per day amounting to 20.3%, 144 use internet between 3 to 5 hours per day amounting to 41.1% and 135 use internet for more than 6 hours a day, amounting to 38.6%. It is evident that people who use the internet between 3 to 5 hours a day form the biggest group among all the respondents.

Table 6: factors influencing decision to purchase goods from the internet

Sl No.	Particulars	Very Important		Important		Somewhat Important		Neither Important nor Unimportant		Un Important		Total	
		Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
1	Delivery time	49	14	118	33.7	45	12.9	71	20.3	67	19.1	350	100
2	Reputation of the company	66	18.9	111	31.7	49	14	62	17.7	62	17.7	350	100
3	Guarantees and Warranties	49	14	97	27.7	51	14.6	81	23.1	72	20.6	350	100
4	Privacy of the information	65	18.6	106	30.3	53	15.1	67	19.1	59	16.9	350	100
5	Good description of goods.	56	16	94	26.9	53	15.1	74	21.1	73	20.9	350	100
6	Security	53	15.1	75	21.4	63	18	75	21.4	84	24	350	100
7	Prices	58	16.6	93	26.6	50	14.3	72	20.6	77	22	350	100
8	Amount of extra money exchanged for home delivery	48	13.7	101	28.9	52	14.9	70	20	79	22.6	350	100

Table 7: Specific product and financial risks towards online buying behavior

SI No.	Particulars	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree		Total	
		Frequ ency	Perc enta ge	Fre que ncy	Perc enta ge	Fre que ncy	Perc enta ge	Fre que ncy	Per cent age	Freq uenc y	Perc enta ge	Freq uenc y	Perce ntage
	ProductRisk												
1	It is DIFFICULT for me to judge product quality adequately	48	13.7	99	28.3	52	14.9	82	23.4	69	19.7	350	100
2	It is DIFFICULT for me to compare the quality of similar products.	53	15.1	99	28.3	49	14	74	21.1	75	21.4	350	100
3	The product purchased may NOT perform as expected.	51	14.6	108	30.9	45	12.9	73	20.9	73	20.9	350	100
4	There is a risk of product getting damaged after usage	62	17.7	99	28.3	35	10	78	22.3	76	21.7	350	100
5	It is difficult to get after sales service of the product	52	14.9	97	27.7	46	13.1	74	21.1	81	23.1	350	100
	FinancialRisk												
6	My credit / debit card number may NOT be secure	45	12.9	87	24.9	67	19.1	70	20	81	23.1	350	100
7	I am concerned that I may NOT receive the item purchased	43	12.3	100	28.6	50	14.3	73	20.9	84	24	350	100
8	I may buy the same product at lower price from somewhere else	47	13.4	106	30.3	55	15.7	72	20.6	70	20	350	100
9	Financial risk has negative influence on online shopping behavior	52	14.9	103	29.4	46	13.1	73	20.9	76	21.7	350	100
10	Trust moderates the relationship between financial risk and online shopping behavior	42	12	116	33.1	50	14.3	67	19.1	75	21.4	350	100

1. When asked to respond to the statement “It is DIFFICULT for me to judge product quality adequately,” out of 350 respondents, 48 said they strongly agree with the statement, amounting to 13.7%. 99 responded that they only agree with the statement, amounting to 28.3%. 52 responded that they want to remain neutral, which amounts to 14.9%. 82 responded that they disagree with the statement, amounting to 23.4% and 69 respondents chose to disagree strongly with the statement, amounting to 19.7%. It is evident from the above data that respondents who only agreed with the statement form the largest group.
2. When asked to respond to the statement “It is DIFFICULT for me to compare the quality of similar products,” out of 350 respondents, 53 said they strongly agree with the statement, amounting to 15.1%. 99 responded that they only agree with the statement, amounting to 28.3%. 49 responded that they want to remain neutral, which amounts to 14%. 74 responded that they disagree with the statement, amounting to 21.1% and 75 respondents chose to disagree strongly with the statement, amounting to 21.4%. It is evident from the above data that respondents who only agreed with the statement form the largest group.
3. When asked to respond to the statement “The product purchased may NOT perform as expected,” out of 350 respondents, 51 said they strongly agree with the statement, amounting to 14.6%. 108 responded that they only agree with the statement, amounting to 30.9%. 45 responded that they want to remain neutral, which amounts to 12.9%. 73 responded that they disagree with the statement, amounting to 20.9% and 73 respondents chose to disagree strongly with the statement, amounting to 20.9%. It is evident from the above data that respondents who only agreed with the statement form the largest group.
4. When asked to respond to the statement “There is a risk of product getting damaged after usage,” out of 350 respondents, 62 said they strongly agree with the statement, amounting to 17.7%. 99 responded that they only agree with the statement, amounting to 28.3%. 35 responded that they want to remain neutral, which amounts to 10%. 78 responded that they disagree with the statement, amounting to 22.3% and 76 respondents chose to disagree strongly with the statement, amounting to 21.7%. It is evident from the above data that respondents who only agreed with the statement form the largest group.
5. When asked to respond to the statement “It is difficult to get after sales service of the product,” out of 350 respondents, 52 said they strongly agree with the statement, amounting to 14.9%. 97 responded that they only agree with the statement, amounting to 27.7%. 46

responded that they want to remain neutral, which amounts to 13.1%. 74 responded that they disagree with the statement, amounting to 21.1% and 81 respondents chose to disagree strongly with the statement, amounting to 23.1%. It is evident from the above data that respondents who only agreed with the statement form the largest group.

6. When asked to respond to the statement “My credit / debit card number may NOT be secure,” out of 350 respondents, 45 said they strongly agree with the statement, amounting to 12.9%. 87 responded that they only agree with the statement, amounting to 24.9%. 67 responded that they want to remain neutral, which amounts to 19.1%. 70 guys responded that they disagree with the statement, amounting to 20% and 81 respondents chose to disagree strongly with the statement, amounting to 23.1%. It is evident from the above data that respondents who only agreed with the statement form the largest group.
7. When asked to respond to the statement “I am concerned that I may NOT receive the item purchased,” out of 350 respondents, 43 said they strongly agree with the statement, amounting to 12.3%. 100 responded that they only agree with the statement, amounting to 28.6%. 50 responded that they want to remain neutral, which amounts to 14.3%. 73 guys responded that they disagree with the statement, amounting to 20.9% and 84 respondents chose to disagree strongly with the statement, amounting to 24%. It is evident from the above data that respondents who only agreed with the statement form the largest group.
8. When asked to respond to the statement “I may buy the same product at lower price from somewhere else,” out of 350 respondents, 47 said they strongly agree with the statement, amounting to 13.4%. 106 responded that they only agree with the statement, amounting to 30.3%. 55 responded that they want to remain neutral, which amounts to 15.7%. 72 guys responded that they disagree with the statement, amounting to 20.6% and 70 respondents chose to disagree strongly with the statement, amounting to 20%. It is evident from the above data that respondents who only agreed with the statement form the largest group.
9. When asked to respond to the statement “Financial risk has negative influence on online shopping behavior,” out of 350 respondents, 52 said they strongly agree with the statement, amounting to 14.9%. 103 responded that they only agree with the statement, amounting to 29.4%. 46 responded that they want to remain neutral, which amounts to 13.1%. 73 responded that they disagree with the statement, amounting to 20.9% and 76 respondents

chose to disagree strongly with the statement, amounting to 21.7%. It is evident from the above data that respondents who only agreed with the statement form the largest group.

10. When asked to respond to the statement “Trust moderates the relationship between financial risk and online shopping behavior,” out of 350 respondents, 42 said they strongly agree with the statement, amounting to 12%. 116 responded that they only agree with the statement, amounting to 33.1%. 50 responded that they want to remain neutral, which amounts to 14.3%. 67 guys responded that they disagree with the statement, amounting to 19.1% and 75 respondents chose to disagree strongly with the statement, amounting to 21.4%. It is evident from the above data that respondents who only agreed with the statement form the largest group.

CONCLUSION

The perceived financial risk could be reduced by protecting customers spending pattern and personal information, avoiding misused of credit card details and eliminating overcharging price. In addition, product risk can be avoided by assuring the advertisers to sell quality products with clear pictures and description of the product.

In Jordan online shopping context, it was confirmed that the negative effect of risk influences the attitude of online shoppers. It means that when consumers trust an online seller, they may accept issues related to return of purchased product, and they will execute some degree of tolerance in term of time taken to deliver the product. Researchers may consider the inclusion of more dimensions of perceived risk, such as psychological, privacy and social risks, to examine whether or not they can influence online shopping behavior of consumers.

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