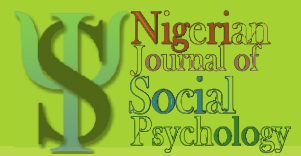


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Relationship between Risk Perception Dimensions and Online Purchase among Undergraduates of Nnamdi Azikiwe University, Awka

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Abstract

The study examined the relationship between risk perception dimensions and online purchase intention. The participants of this study were 185 undergraduates of Nnamdi Azikiwe University, Awka. The participant's age ranged from 18 to 32 years with a mean age of 22.55 and standard deviation of 2.75 years. Two instruments were used for the study; Risk Perception Scale developed by Swinyard and Smith (2003) and Online Purchase Intention Scale by Kim et al. (2008). Correlational design was used for the study and Pearson Product Moment Correlation Statistic was used for analysis. The results indicated that the four distinct risk perception dimensions product risk $r(185) = -.38, p < .001$, convenience risk $r(185) = -.28, p < .001$, financial risk $r(185) = -.43, p < .001$, and non-delivery risk $r(185) = -.45, p < .001$; have negative significant relationship with online purchase intention. The findings of this study would be used to assist those businesses and marketers to better understand how online consumers perceive risk and how they may be influenced by it. Additionally, further research on risk perception and purchase intention in the online environment is needed in order to gain a more comprehensive understanding of consumer behaviour.

Keywords: risk perception, product risk, convenience risk, financial risk, and non-delivery risk, online purchase intention

Introduction

The Internet has grown into a massive worldwide marketplace for exchanging goods and services during the last few decades. It has provided an alternative to traditional physical shopping experience in which consumer has to go to retail store, look for the items they need, compare it to other things there, ask the sellers for recommendations, and finally pay for it at the counter. Today, consumers can be in the comfort of their rooms, business environment and offices check out, order, pay and receive their products via online shopping. Many businesses have started using the Internet to sell their goods because it enables them to lower marketing expenses and, as a result, lower the cost of the goods being sold. This new innovation has made it possible for consumers to transact business with less physical contact. The flexibility of online purchasing has made consumers to embrace it as a means of securing needed products. Business organisations are gradually adopting online marketing as a way of maintain an advantage over rivals in highly competitive areas.

Online purchase intention is the disposition of consumers to purchase goods and services online (Meskaran, et al., 2013). It is the willingness of consumers to use internet services when comparing prices or making an actual purchase (Ashoer & Said, 2016). Dewi et al. (2020) online purchase intention is the measure of one's resolve to perform a specific behaviour or

make the decision to buy a product or services online. Masound et al. (2013) also described it as a consumer's inclination to make a purchase from the online seller.

Other scholars like Karnik (2014); Popli and Mishra (2015) and Hua and Nuangjamnong (2021) defined online purchase intention as consumer's readiness to use the Internet to purchase or compare product prices. All these definitions portray online intention to be an attitude and a process. As an attitude means that it is an enduring, learned predisposition to acquire products through the internet. In this sense, it deals with a persistent mental and/or neural state of readiness to purchase items online. As a process means that it involves range of activities like searching, inquiring, comparing and pricing products on internet. Even though internet commerce has experienced enormous development and the future looks good, it is also increasingly being linked to negative aspects. With how online shopping has become a popular way of shopping for consumers nowadays in making shopping much easier although not without risk. Consumers are often wary when shopping online and sometimes avoid using the channel, this risk perception often lead to postponement of their online purchase decision.

Online shopping sites are fast replacing traditional or physical shops. Over the years, the trust of the customers for online shopping sites has increased considerably. The increase in the number of these sites, on one hand, has led to a fierce competition, which means better and cheaper products for customers. However, at the same time, customers have their concerns when it comes to shopping online. Online purchase intention is the readiness of customers to purchase from the internet (Ariffin et al., 2018). Consumers' hesitation to purchase online despite its' flexibility is a pointer that they lack trust on the process.

Risk perception is a consumer's belief about the unpredictable outcomes derived from the online business transaction (Ariff, et al., 2014) it is the feeling of uncertainty about meeting their expected benefits from online purchase. Jin and Nuangjamnong (2022) observed that risk perception is central consumers' evaluations and purchasing decisions. Risk perception is a critical factor in online transactions, and it's good to understand the influence of the dimensions of perceived risk on consumer's online purchase intention. According to Swinyard and Smith (2003), risk perception contains four dimensions including product risk, convenience risk, financial risk and non-delivery risk. Product risk is the uncertainty that the product purchased online will meet consumers' expectations (Zhang and Yu, 2020).

This perception of uncertainty will reduce online consumers' confidence and intention to purchase online. Convenience risk is about consumer perceptions of risks that the purchased product will take a lot of time and effort to repair and adjust before it can be used (Mathur, 2015) When consumers' perceived convenience risk is high, they feel that it is very troublesome for them to perform certain online purchasing. Financial risk is the safety and security of using credit cards online and divulging personal information may worry consumers. Non-delivery risk is one of the biggest worried when customers decided to buy products online. Bhukya and Singh (2015) defined non-delivery risk as the potential fail of delivery which caused by goods lost, goods damaged and they were sent to the wrong place after confirmation of online order.

Risk perception can be seen as the number of perceived risks consumers are willing to accept to make a purchase decision. Perceived risk is an unanticipated discontent and disappointment with purchasing decisions based on the purchase aim. Online buying risks and unfavourable outcomes or circumstances make buyers uncomfortable with online shopping since bad things could potentially happen. The advancement in information and communication technology and

the unprecedented rise in the number, uses, and functions of social media have increased consumers' confidence in online shopping (Kapoor & Nuangjamnong, 2021).

Theoretical Framework

This study is anchored on Ajzen (1991) theory of planned behaviour (TPB). It assumes that individuals act rationally, according to their attitudes, subjective norms, and perceived behavioural control. It emphasized that behavioural intention is influenced by these factors. Attitude refers to the person's own performance of the behaviour rather than their performance in general (Chang et al., 2016). A subjective norm is a function of a set of beliefs termed as normative beliefs (Zhang et al., 2014). Normative beliefs are concerned with the likelihood that important referent individuals or groups would approve or disapprove of performing the behaviour. Perceived behavioural control is about the resources and opportunities observed or not observed by the individual, and the anticipated obstacles or barriers towards performing the target behaviour (Meskaran et al., 2013).

Perceived behavioural control influences both intention and behaviour. Behaviour is also affected by habit and encouragement. These factors are considered in understanding consumers' decision to purchase products online. Individuals to great extent are influenced by behaviour of others. As online shopping is becoming a social norm and coupled with the attractive prices of products online consumers are likely to give online purchase a trial. Secondly the constant bombardment of social media with adverts with so many attractive benefits promises by online marketers, consumers may disregard the risk factors and cave into purchasing products online. However in some cases consumers may be sceptical about purchasing online because of their inability to control the purchasing process due to intangible nature of the market environment. They would rather prefer a situation they can control than the one they have no control over.

Risk Perception and Online Purchase Intention

Previous studies have shown that risk perception negatively affects consumers' decision to buy products on the Internet (Papas, 2016; Ashoer & Said, 2016; Nawi et al., 2019). Online shopping is associated with higher risk compared to traditional physical channel (Amaro & Durate, 2015). Online shoppers perceive more uncertainties and risks such as delivery and return concerns, privacy concerns and computer security concern (Mathur, 2015). In a study conducted by Andrian and Frangky (2021) they found that among other risk factors that product risk and financial risk have strong negative effects on online purchase intention. Pappas (2016) in their own study observed that delivery risk and product risk affect online purchase intention negatively. Working on risk-taking propensity and online purchase intention among postgraduate students of University of Ibadan, Nigeria Olepegba et al., (2021) established relationship between risk-propensity and online purchase intention. We can deduce in these studies that risk is the major concern of consumers as they intend to purchase products online. This simply means that online shopping intention depends on the degree of perceived risk. Based on the existing empirical findings on online purchase intention, this study examines some risk factors capable of affecting online purchase intention among Nigerian consumers.

Hypothesis

There will be a negative relationship between risks perception dimensions (product risk, convenience risk, financial risk and non-delivery risk) and online purchase intention among university undergraduates.

Method

Participants

A total of one hundred and eighty five students of Nnamdi Azikiwe University, Awka participated in the study. The participants comprised of 83 male students (44.9%) and 102 female students (55.1%). The age range of the participants is 18 and 32 years of age, with a mean age of 22.55 and a standard deviation of 2.75. The participants were selected using convenience sampling technique. The participants were selected from the Faculties of Arts, Agriculture, Engineering, Management Sciences, and Social Sciences at various levels (100 to 500 levels).

Instruments

The following instruments were used for data collection.

Risks Perception Scale

Risk perception scale developed by Swinyard and Smith (2003). It is a 13 items scale that measured risk perception. The scale has four dimensions. Product risk that measured uncertainty that the product purchased online will meet consumers' expectations. It has the index reliability of - 0.83. Convenience risk measured consumer perceptions of risks that the purchased product will take a lot of time and effort to repair and adjust before it can be used. It has the index reliability of - 0.81. Financial risk measured the safety and security of using credit cards online and divulging personal information may worry consumers. It has the index reliability of - 0.72. Non-delivery risk measured the potential fail of delivery. It has the index reliability of - 0.85. All the items used a four point likert response ranging from strongly agree (1) to strongly disagree (4).

Online Purchase Intention Scale

Online purchase intention scale was developed by Kim et al. (2008). It is a 4 items that measured online purchase intention. The respondents were required to select an option from the items like, "I am likely to purchase product online". There are no reversely scored questions in the item in this questionnaire. All the items used a four point likert response ranging from strongly agree (4) to strongly disagree (1). It has the index reliability of 0.77.

Procedures

The researcher sought permission from the department before conducting the survey. The department gave the researcher permission in writing to carry out the survey. The Survey was carried out within the school campus of Nnamdi Azikiwe University, Awka. The researcher distributed the questionnaires directly to the participants. The respondents were very willing to comply with filling the questionnaire after the researcher had related the purpose of the study to them and assured them of the confidentiality of the information handling and their anonymity. The questionnaires were directly retrieved by the researcher.

Design and Statistics

This study employed correlational research design. Since the researchers were looking to establish relationships between variables, a Pearson Product Moment Correlation Statistic was used for analysis.

Results

Based on the analysis, the following findings were made.

Table 1

Descriptive Statistics and Correlation Coefficients for Study Variables

Variables	M	SD	1	2	3	4
1. Purchase intention	12.29	2.45	-			
2. Product risk	8.39	1.71	-.38**	-		
3. Convenience risk	10.84	2.30	-.28**	.34**	-	
4. Financial risk	8.30	1.83	-.43**	.46**	.49**	-
5. Non-delivery risk	9.25	1.77	-.45**	.48**	.41*	.46**

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation coefficient Table above shows that: Product risk correlated negatively and significantly with online purchase intention $r(185) = -.38, p < .001$; Convenience risk correlated negatively and significantly with online purchase intention $r(185) = -.28, p < .001$; Financial risk correlated negatively and significantly with online purchase intention $r(185) = -.43, p < .001$; Non-delivery risk correlated negatively and significantly with online purchase intention $r(185) = -.45, p < .001$;

Discussion and Conclusion

This study examined the relationship between risk perception dimensions and online purchase intention among undergraduates. The study was guided by the hypothesis which states that there will be a negative relationship between risks perception dimensions (product risk, convenience risk, financial risk and non-delivery risk) and online purchase intention among undergraduates were confirmed. The four risks perception dimensions product risk, convenience risk, financial risk and non-delivery risk were found to have negative relationship with online purchase intention. The finding is also in concordance with the finding of Andrian and Frangky (2021) who examined The Influence of Consumer's Perceived Risk on Consumer's Online Purchase Intention, and reported that financial risk, product risk, security risk, time risk, and psychological risk have a negative effect on online purchase intention. The finding is also in line with the work of Pappas (2016), who investigated Perceived risk and online purchase intention for shopping goods. The result showed that product risks, privacy risk, and delivery risk negatively affects purchase intention. Olapegba et al. (2021) also investigated Risk-Taking Propensity and Self-Esteem as Predictors of Online Purchase Intention, The result showed that online purchase intention significantly correlated with risk-

taking propensity and self-esteem. Also, risk-taking propensity and self-esteem jointly predicted online purchase intention. All findings seem to be in line with each other. The theoretical explanation of this finding may be found in the theory of planned behaviour. The theory assumes that individuals act rationally according to their attitudes, subjective norms, and perceived behavioural control. These factors are not necessarily actively or consciously considered during decision-making, but form the backdrop for the decision-making process.

The findings of this study imply that consumers with low perception of risk will easily engage in online shopping while those with high level of risk perception are likely to stick with offline or physical shopping. This shows that though Internet has expanded the means consumers buy goods and services worldwide it has its own concerns. In the offline or physical means, consumers would physically go to a retail store, look for the item they needed, compare it to other things there, ask the sellers for recommendations, and finally pay for it at the counter. In the online means consumers search, inquire, price, order, pay and products delivered to them through the Internet without having any physical contact with the seller. Many consumers adopt online shopping due to convenience, price and reduced stress. However, at the same time, consumers have concerns on the product quality, easy process in ordering for goods, privacy of their credit cards, and time and safety of their product when being delivered. In this regard, risk perception is a critical factor in online transactions. Risk perception is a consumer's feeling that a purchase will have a negative result as well as the potential that they will be unhappy with the product as compared to its intended use.

The findings of this study have one major limitation. The participants were young university undergraduate and this makes difficult to generalize the finding of this study to older generation who may have different experience when it comes to online shopping. It is now suggested that future research only be carried out with a larger participant but also should include the older consumers so as to give greater acceptance to the result.

This study has great policy implications. It challenges organizations involved in online shopping to evolve strategies that will make their consumers to develop trust in online marketing and feel secured when shopping online. Government on their own part should protect online shoppers by taking the issues of cyber crime more serious. They should also through consumer protection council strictly monitor and regulate the operations of the online marketers to make sure that they offer to their consumers whatever they claim on their site. This is very important because a developing economy like Nigerian economy needs to tap on the gains e-commerce to economic development.

Based on these findings will give operators of e-commerce an in-depth understanding of risks associated with online shopping and how they may negatively affect their business. Additionally, sponsor and further research on risk perception and purchase intention in the online environment so as to gain a more comprehensive understanding of consumer challenges that may hinder e-commerce in Nigeria.

Conclusively, the world of business is evolving and today the world is transiting from traditional analogue marketing to digital online marketing. This no doubt has its own benefits and short comings. But despite its short comings, e-commerce has added more values and opportunities to business and economy. Nigeria should tap on the values and opportunities provided by e-commerce to develop and strengthen their economy. It was recommended more research on risks associated with online shopping will enlighten the practitioners on how to improve the process.

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