

## The Perceived Risks of Electronic Shopping A Survey of a Sample of Students and Employees at Mazoon College in the Sultanate of Oman

Research Article

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### Abstract

E-shopping is available to anyone in the world to buy everything they need in their daily lives. However, shopping through the Internet may not be acceptable to some people because of the lack of assurance of the goods advertised on the Internet in terms of quality and efficiency of use as well as the risk of confidence in the data available through the Internet and confidence in those who offer goods or services for sale. So online shopping has not yet matured comparing to the traditional shopping. The present study aims at identifying the perceived risks of e-shopping for customers as defined by the employees working in the Sultanate of Oman.

The study population consisted of a total of (260) individuals, who were affiliated with Mazoon College in Muscat. (100) were randomly selected and the questionnaire was distributed by the researcher. The results indicated that the perceived risks that were considered by the members of the research sample were large and important and were concentrated on four areas: the risks associated with the work ethics, followed by the risks of alternative opportunities for shopping, the risk of return of the goods was ranked third and therefore the risks associated with the product ranked fourth.

**Keywords:** E-Marketing; E-Shopping Risks.

### Introduction

The Internet has provided opportunities for companies to facilitate the communication of customers through many sales and promotion channels. One of the most important promotional methods adopted by producers and marketers of goods and services are electronic marketing. It is possible to define e-marketing as a commercial transaction based on the interaction between the parties of the exchange electronically through the Internet [1]. E-marketing offers a wide range of choices for consumers and at the same time involves risks that may be realistic based on consumer awareness and experience and based on trust and reliability in ensuring the rights and obligations of e-shopping. Internet marketing may be a competitor to traditional marketing by increasing the percentage of sales and retention of customers with the company.

Therefore, some customers believe that e-marketing exploits marketing expertise in the development of new and successful strategies that enable the achievement of current goals and objectives faster than traditional marketing [2]. On the other hand, studies

indicate that there are many obstacles that lead to the failure of electronic marketing; the lack of confirmation of the consumer in the purchase process increases the risk of this type of marketing [3].

Consumers have perceptions of many e-shopping risks such as payment methods, problems of using credit cards, especially fraud, and the challenge of the appropriate commodity mix for each market. All these perceived risks from customers affect their trends in e-shopping [4].

### The Concept of Perceived Risk to Consumer

Consumers are exposed to various risks when they engage in purchasing behaviour. The quality of these risks varies depending on the nature of the product, the nature of the consumer, and the availability of information. In the case of service, perceived risks are high compared to goods. The commodity is often tangible, visible and clear. Consumer's perception of the e-shopping risks varies according to the individual's personality and attitudes [5].

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Taylor (1974) [6] explained that consumer behaviour can be viewed and interpreted through the concept of perceived risk.

Therefore, consumer behaviour consists of three main dimensions:

1. The consumer is a decision maker, trying to choose from the alternatives available to him in the markets the good or service that satisfy his or her need form among many alternatives whose results are not only uncertain, but also some may be negative for him.
2. The consumer seeks to overcome the uncertainties faced by looking for more information, which comes from many sources to reduce the size of purchasing risk to the level that he can take the decision at an acceptable level of confidence.
3. The consumer is an individual trying to solve his or her purchasing problems in a rational manner by reducing potential losses, focusing on lower-cost products, or reducing the amount paid as a potential loss [7].

Bettman (1973) [8] distinguishes between two types of perceived risks: basic risks, and risks that can be dealt with. The first type of risk refers to those risks that are generally related to the product. The second type refers to the risks related to consumer mind and perception. Bettman explained certain factors that increase the perceived risks of the customer as follows:

1. Lack of adequate information about product specifications.
2. The weakness of the individual's experience with the trademarks of the product.
3. Lack of experience with a specific product.
4. The complexity of the product technically.
5. The low confidence of the individual ability to assess the alternatives available to him.
6. Product price rise.
7. The degree of importance of purchasing decision to the consumer.

Researchers have identified different types of risks of online purchasing, including product functional risks, financial risks, psychosocial, informational, non-conformity of the product to the benefits, specifications and quality agreed upon, and other risks that online shoppers consider as potential risks [9].

The greater the risk of damage to the product and the higher cost of repair and maintenance, the greater the individual's sense of financial risks in the decision [10].

The risk associated with misinformation provided through the Internet may lead to inaccurate and inappropriate decision-making. Risk of deceptive is one of the risks of online shopping. Deceptive information to the online shopper to obtain information from the shopper in various ways; to use against him, such as knowing his date of birth, the password used, or use fake sites to hunt the shopper, Or the hacker sends an e-mail to the shoppers asking them to update their data via a link leading to the fake hacker's site, not to the real store site [11].

Therefore, the effectiveness of dealing with-shopping is deter-

mined by the risks perceived by the customer, the consumer who wants to touch the products before buying it shows a negative attitude toward dealing with the network [12].

The company's reputation, comparative advantage and quality of service have an impact on perceived risk and thus on customer behaviour towards the adoption of e-services.

Based on the above arguments, the present study focuses on the perceived risks of e-shopping, especially those who are familiar with the use of the Internet in Oman.

## Research Problem

The strategy of dealing with the Internet has become a multi-faceted phenomenon. In light of the current challenges and economic circumstances surrounding business organizations, managers have become more in need than ever before to pool scarce resources for online shopping. Creating consumer confidence in dealing with the Internet has become a necessary requirement to create these lasting relationships that reflect customer loyalty [9].

Customers' perceptions of the risks of e-marketing, especially via the Internet, depending on the lack of knowledge of the goods, and the lack of prior knowledge of the seller. Hence, the concept of perceived risk is one of the important concepts in the study of consumer behaviour, and there is no doubt that consumers are exposed to different risks when they conduct purchasing behaviour. The quality of these risks varies depending on a number of factors. Studies refer to the most important factors of affecting customer perception which is: the nature of the product whether the good or service, the nature of the consumer, and the availability of information [5, 12]. The customer's perception of any phenomenon and any subject often associated with experience and direct interaction with the subject. The customer in the electronic marketing does not interact face to face with the seller and does not know the characteristics of the commodity, therefore, e-marketing through the Internet faces major challenges, the most important challenge is to build a strong relationship with the customer to be able to develop appropriate marketing strategies to remove the obstacles faced by the customer.

The present study is a modest contribution to highlighting the perceived risks of a sample of employees and students who represent different segments of Omani society in order to identify their views on the risks of electronic marketing and to promote this type of marketing in a changing and competitive business environment.

Based on the findings of the present study, it is possible to suggest strategies that help companies and marketer at building a sustainable relationship with customers and to convince customers and consumers that online transactions are safe and efficient in delivering a wide range of products [13].

## Research Objectives

The present study objectives are:

1. To identify the perceived risks of e-shopping for customers as defined by employees working in the Sultanate of Oman.

2. To determine the level of the risks of e-shopping perceived by customers in the Sultanate of Oman.

### Research Questions

In the light of the above, we find that the risks perceived by the customer affect their appetite for shopping online. Hence, the problem of the current study is determined in an attempt to answer the following questions:

1. What are the risks of e-shopping perceived by customers in Oman?
2. What is the level of the risks of e-shopping perceived by customers in the Sultanate of Oman?

### Research Methodology and Procedures

#### Population and sample

The current study population consists of the various customers who are working and studying at Mazoon College in Muscat during the academic year 2016-2017( Spring Semester). They are divided into three categories: 23 Administration staff, 58 MBA students and 169 evening students. In order to overcome the difficulties of reaching the members of the population spread throughout the Sultanate, the researcher chose a sample of the available population near the researcher. The total number of the population was (250) individuals.

A sample of study has withdrawn from the available population. The appropriate sample is a convenience sample [14]. (100) of ( 250) were randomly selected. This number represented 39% of the total number of the population, which is acceptable in human research.

Table (1) shows the distribution of the sample members by type, years of experience and sector of work.

#### Data Collection Method

The questionnaire was the main instrument to collect the data. To design the questionnaire, the following steps were considered: an open question was distributed to a group of 15 individuals studying at the College, to identifying the potential risks faced by the Omani consumer through e-shopping, the group's answers to the open question were used to formulate items representing the expected risks, the literature and previous studies have been reviewed and some phrases that pose potential risks to electronic shopping have been quoted, the initial copy of the questionnaire

was formulated, consisting of (25) items representing perceived risks in e-shopping. The preliminary form of the questionnaire was presented to four faculty members in management and psychology. Their observations regarding the validity of the items were considered.

After taking into account the expert comments, the questionnaire was redesigned and five items were deleted which were not agreed upon. The questionnaire final form consisted of (20) items. Each item ends with five choices: Strongly agreed given (5), and (4) represent agree, a somewhat agreeable has been given (3) degrees, disagree was given (2) degree, strongly disagree was given (1) degree. The items were distributed in five areas:

- The financial risk includes (6) items.
- The risk area associated with the product includes (5) items.
- The risk associated with the ethics of work includes (3) items.
- The risk associated with the return of the goods and includes (3) items.
- The field of risk associated with alternative opportunities for shopping includes (3) items.
- The reliability of the questionnaire was produced to be of high value (0.85).

#### Statistical Analysis

The data were analyzed according to the following statistical instruments:

- Mean to determine the degree of the items of the questionnaire according to their importance for the sample of the research.
- Standard Deviation to determine the degree of deviation from the mean.
- To determine the reliability of the questionnaire Cronbach Alpha was applied.

The researcher used the mean to identify the level of the perceived risk. The perceived risk is very significant if the mean is between the values (4.20-5.00). The perceived risk is significant when the mean between the values (3.40-4.19). The perceived risk is intermediate if the mean is between the values (2.60-3.39). The perceived risk is simple when the mean between the two values (1.80-2.59) and the perceived risk is very low when the mean between the two values (1.00-1.79).

The results showed that the overall mean of all perceived risks was 3.72 with a standard deviation of 0.49. Therefore, the perceived risks, in general, are considered high. In terms of ranking

**Table 1. Distribution of the research sample according to the demographic variables (n = 100).**

demographic variables		No	%
Gender	Male	32	32
	Female	68	68
Experience	1-5 years	63	63
	6-10 years	37	37
Work Sector	Public	23	23
	Private	77	77

according to mean, the risks associated with work ethics ranked first, with the highest average of 4.14 and a standard deviation of 0.34, followed by the risk of alternative opportunities for shopping with a mean of 4.11, and the risk of return of goods at a mean of 3.86, Product risk at a mean of 3.65, and finally financial risk at a mean of 3.31.

For the purpose of answering the questions of the study, the results are presented according to the importance of the five types of risks with means and standard deviations.

**First: Risks associated with work ethics**

The results listed in Table (3) show that all the risks involved are significant.

From Table (3) it is clear that the item "Customer information is subject to use by unreliable persons" was the highest mean of the three items with a mean of 4.30 and a standard deviation of 0.21. Followed by the item of delivery of goods by outsiders is incompatible with the customs and social values of conservative Omani society.

The probability of fraud in the goods specification ranked last among the three items of the risks associated with labour ethics.

**Second: risks related to alternative opportunities for shopping**

Above table 4 shows that the "e-purchasing loses me the opportunity to enjoy shopping with friends and family" has achieved the highest mean of 4.42 with a standard deviation of 0.35. This item received the highest risk among all items of the questionnaire, while the item "There are better products available in the mar-

ket" was ranked second with an average of 3.98 with a standard deviation of 0.40. The e-purchasing item reduced the chance of obtaining goods through traditional shopping at a lower price and better quality "slightly low than the second risk in this category with a mean of 3.92 and a standard deviation of 0.41.

**Third: regarding the third risks related to the return of the goods**

Table (5) shows three significant risks, and the risks of "goods are irreversible even if you are not satisfied with them at all", ranked first. These results confirm the importance of flexibility in the return of goods purchased through the Internet. Most customers did not have the appropriate opportunities and facilitation procedures in this regard.

**Fourth: the risks related to the product**

Table (6) shows that the item "There is often a risk of delay in receipt of goods" has a higher mean of 3.99 and a standard deviation of 0.57. The item "Goods can be lost when delivered" is slightly different from item 1 as the mean is 3.82 and the standard deviation is 0.45. The item "The quality of the product received the lowest mean of the five risk-related products with a mean 3.24 and standard deviation of 0.42.

**Fifth: financial risks**

Table (7) shows four significant perceived risks and two intermediate risks. The "cash-on-line" method and "the amount paid for purchasing over the Internet is more expensive than conventional purchases" have the following average and standard deviations: 3.22 mean, 0.55 standard deviation, 2.62 mean and standard deviation 0.59. Both are at moderate risk.

**Table 2. The averages of the perceived risk of e-shopping.**

Risks	Mean	SD
Work Ethics	4.14	0.34
alternative opportunities for shopping	4.11	0.39
Return of the goods	3.86	0.41
Quality of Product	3.65	0.47
Financial	3.31	0.52

**Table 3. The mean and standard deviation of the risks associated with work ethics.**

Degree	risks associated with work ethics	Mean	SD
1	Customer's information is subject to use by unauthorized persons	4.3	0.21
2	The delivery of the goods by strangers is contrary to our social values	4.08	0.37
3	There is a possibility of fraud in the goods specification.	4.05	0.43

**Table 4. The mean and standard deviation of risks associated with alternative opportunities for shopping.**

Degree	risks associated with alternative opportunities for shopping	Mean	SD
1	Buying online will lose me the opportunity to enjoy shopping with friends and family	4.42	0.35
2	There are better products available in the market	3.98	0.4
3	Electronic purchasing reduces the chance of getting merchandise through traditional shopping at a lower price and better quality	3.92	0.41

**Table 5. The mean and standard deviation of the risks associated with the return of the goods.**

Degree	risks associated with the return of the goods	Mean	SD
1	The goods are not refundable even if you are not satisfied with them at all.	4.01	0.32
2	Procedures' return the goods take a long time	3.98	0.40
3	I incur additional costs when returning the goods	3.59	0.50

**Table 6. The mean and standard deviation of the risks associated with the product.**

Degree	risks associated with the product	Mean	SD
1	There is often a risk of late receipt of the goods	3.99	0.57
2	The goods may be lost when delivered	3.82	0.45
3	The goods that are displayed over the internet are not durable and cannot be used for long periods of time	3.74	0.41
4	I believe that the goods that are displayed over the Internet are expired	3.45	0.5
5	The quality of the item is not at the required level	3.24	0.42

**Table 7. The mean and standard deviation of the financial risks.**

Degree	Financial risks	Mean	SD
1	I have no confidence in my financial accounts via an internet network	3.73	0.47
2	I imagine that the financial statements required to complete the purchase are unsafe	3.42	0.44
3	There are no discounts when buying online	3.41	0.52
4	My account will be vulnerable to theft by hackers	3.41	0.57
5	Cash payment method is not available when buying online	3.22	0.55
6	The amount paid for purchasing over the internet is more expensive than traditional buying	2.62	0.59

## Conclusion

The present era is the era of digital technology, which gave the opportunity for customers to use the Internet in various ways and for many purposes. Among these uses, shopping online which has become widespread among consumers in all countries, especially the developed ones. Despite the expansion in this area, there are a lot of perceived risks by customers for this type of shopping.

It is noted that in accordance with the criteria used to determine the degree of risk, the four risks were significant. Financial risk was at the lower level at 3.31, which indicate a medium risk according to the predetermined measurement. From this results, it was clear that the financial risks are not important comparing to the other types of risks. This may be attributed to the customer's interest in the product and its value and the guarantees available for the quality in the first place regardless of the price of the product.

The risk associated with work ethics as well as the risks associated with the alternative opportunities for shopping were in the first level, This result can be attributed to the lack of trust between the customer and Internet marketers, as the trust between the customer and the website impacts the continuity of purchase and loyalty of buyer to the seller and the sustainability of shopping online [15]. The primary source of this trust is the credibility of the information about the goods as well as the reliability of how to replace or return goods that are not suitable for the customer [16].

## Recommendations

For the purpose of spreading e-shopping culture, and to reduce perceived risks, the following recommendations are presented:

1. Marketers have to adopt the strategies of electronic sales and marketing services, namely safety and security, and facilitate the delivery of goods to the customer.
2. Establishing a special agency to verify the identity of e-commerce customers to protect consumers from commercial fraud cases.
3. Spreading the culture of dealing with e-commerce through the development of intensive awareness programs targeting schools, universities and institutions, to clarify the advantages of e-shopping.
4. Increasing government-supported e-sales centres in cooperation with companies to enhance the quality of products and service.
6. Issuing laws to protect Internet users in order to secure transactions and build trust between marketers and customers.

## Suggestions for Further Research

1. Reapply studies of the perceived risks of electronic shopping every five years to find out what is emerging as a result of technological, social, economic and behavioural changes, with the application of studies on different segments of the Omani society.
2. Conduct a comparative study of the attitudes between men and women in the Sultanate of Oman towards electronic shopping.

3. Conduct a study of the impact of demographic factors such as age, social status, etc. on the perceived risks of electronic shopping.
4. Conduct a study on the role of consumer protection organizations in enhancing customer confidence in electronic shopping.

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