Impact of Gender and Product Type on Perceived Risk and Online Shopping Intentions

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INTRODUCTION

The Internet and associated applications has, over the past two decades, become increasingly pervasive. In terms of online shopping, businesses now market a much greater range of products and services and have access to a much more diverse and larger body of customers. While rates of online shopping continue to increase rapidly, consumer attitudes to online shopping risks are less clear.

Previous studies have attempted to provide insight into which factors encourage customers to engage in online shopping and which factors inhibit them (Doolin, et al., 2005). One important factor that has not received much attention, yet has been reported to be significant, is gender (Van Slyke, et al., 2002). Although gender issues in traditional shopping have been well researched, Rodgers and Harris (2003) observe that, "…because websites tend to be targeted to one or both genders, attempting to understand the different ways that males and females perceive online shopping is appropriate" (p. 322). Results of previous studies focusing on the impact of gender have been mixed (Van Slyke, et al., 2010), although it appears that males are more likely to purchase online than females (Garbarino & Strahilevitz 2004, Van Slyke, et al., 2010). Women have been reported to spend less time and effort than men on the Internet (Bimber, 2000) and to also spend less money shopping online (Garbarino & Strahilevitz, 2004, Doolin, et al., 2005).

Previous research indicates that females are more likely to be concerned with online shopping risks than males (Forsythe & Shi, 2003; Garbarino & Strahilevitz, 2004). Even though several studies have examined perceived risk in online shopping, less research has been undertaken on specific types of risk related to online shopping and the influence of each risk type on online shopping intentions (Dai, 2007). The purpose of this study is to test a conceptual framework that examines the differences between males and females in perceiving different types of risks in online shopping, whether these differences vary according to product category and, if so, whether gender differences play a significant role in consumer online shopping intentions.

The chapter is organized as follows: The next section reviews pertinent literature focusing on risk perceptions in online shopping and presents research hypotheses and the conceptual model. This is followed by a description of the adopted methodology. The following section presents the findings, analysis and a discussion. Finally, conclusions, limitations and directions for future research are outlined.

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BACKGROUND

Online Shopping

The Internet has transformed how consumers shop for goods and services. Consumers are now able to buy a seemingly unlimited range of products and services through the Internet at any time, from almost any place in the world. Online shopping is a real alternative as some challenges of conventional shopping such as crowding, traffic and parking and limited time for shopping are removed. (Yulihasri, et al., 2011). Companies are using the Internet not only to sell products, but also to reduce marketing costs, communicate with their customers, and collect customer feedback. "…the Internet provides a unique opportunity for companies to more efficiently reach existing and potential customers" Shergill and Chen (2005, p. 80).

Forrester Research predicts that U.S. online retailing will reach $370 billion by 2017 (Mulpuru, 2013). This would be a 50% increase on predicted 2014 figures (Retail Refugees, 2010).

In a 2010 study of the online purchasing habits across 55 different countries/markets, Nielsen (2010) reports that while certain products are universally bought online; others have yet to attain a considerable share of online trade. Their survey showed that books and clothing took the lead as the products most often purchased online where 46% of global consumers purchased books online and 41% purchased clothing online.

Theory of Perceived Risk in Consumer Behaviour

Since its emergence in the 1960s, researchers have used the theory of perceived risk to investigate various aspects of consumer behaviour. It was originally proposed by Bauer (1967) as a psychological construct to explain phenomena such as information seeking and brand loyalty. Bauer defined perceived risk as a two-dimensional structure comprising uncertainty and adverse consequences. Consumers face both uncertainty and potential adverse consequences when shopping online. However, as Taylor observes, the uncertainty dimension can be reduced by providing consumers with more accurate information on the product or the shopping environment. Therefore, not surprisingly, studies show that consumers perceive greater risk in home-based shopping where they cannot view, touch and try the product, compared with in-store shopping (Dabhade, 2008).

In consumer behaviour literature, perceived risk and uncertainty are often seen as the same construct (Quintal, et al., 2009), and have been used almost interchangeably. However Zhang and Liu (2011) argue that important differences exist and describe risk as relating to consequences and the personal perception of the likelihood in which those consequences will occur. By contrast, uncertainty implies that some consequences will occur but with unknown possibilities. Perceived risk is "the nature and amount of risk perceived by a consumer in contemplating a particular purchase decision" (Cox & Rich, 1964, p. 33). The theory of perceived risk has been utilised by a number of researchers in a variety of contexts including Internet banking (Lee, 2009) and apparel catalogue shopping (Jasper & Ouellette, 1994).

Perceived risk can play a significant role in influencing consumer decisions to purchase a product (Dowling, 1986). When perceived risks decrease, a consumer's willingness to purchase a product increases (Mitchell, 1999). In addition, a number of researchers have found that consumer perceptions of risks negatively influence their online shopping intentions (e.g. Doolin, et al., 2005; Forsythe & Shi 2003); that is the likelihood of them using the Internet to repeatedly purchase goods or services (Bhatnagar, et al., 2000). The definition of perceived risk used in this study is based on Bauer (1967). It is the degree