Chapter 14
Consumer Protection in Online Shopping:
An Investigation of Virtual Credit Card Awareness in Turkey

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ABSTRACT

The main purposes of this research are (1) to reveal the virtual credit card (VCC) awareness of online shoppers and (2) to prepare a to do list for managers and relevant institutions to provide a more secured internet shopping process by enhancing the trust perception of consumers. To this end, a structured questionnaire consists of three sections was designed and conducted during the period April-May 2018 in Turkey. The findings achieved show that online shoppers mostly attach importance to the recognition of the website, which means they seek trust in online shopping process. On the other hand, they mostly use credit and debit cards, which may make consumers encounter serious fraud issues. VCC usage is only 4.9% in general although VCC awareness is 55.1%. This low level of VCC awareness is associated with education level and the information provided by the financial banks.

1. INTRODUCTION

Today's increasing competitive market forces companies to keep pace with the technology, new trends and innovative changes to capture customer value (Berman, 2012). These attempts and investments are not a preference for companies, but a must when the consumers' power in terms of limitless choice among the variety of brands is considered. The main purpose is to be able to up to date; in other words, companies have to create new ways of doing business. Today, they succeed this by benefiting from the digital transformation. They can boost their sales, productivity and profits as well by serving more and more customers beyond the traditional ways (Matt et al., 2015). In this manner, every company wants

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to cross the limits via digitalization, but this attempt heavily depends on the Information Technologies (IT) ability and the internet infrastructure.

Considering the internet infrastructure worldwide, Asia is the continent where the most internet users live with the rate of 49% according to the global internet usage statistics of Internet World Stats by 2018 (internetworldstats.com, 2018). On the second position, Europe comes with 16.8% and Africa follows with 11% on the third position. These statistics show that almost half of the internet users live in Asia. However, a different picture appears when the number of internet users is proportioned to the total population of the continents, also called as internet penetration. In this context, North America has the first place with the penetration rate of 95%, Europe comes second with 85.2% and Australia/Oceania is the third with 68.9% according to the new picture. These internet penetration rates indicate that the individuals at North America and Europe use the internet with a ratio over 80%.

Europe statistics by 2018 imply that the internet penetration throughout the Europe is increasing rapidly. According to the report prepared by Ecommerce Foundation, Sweden has the highest penetration rate with 99.7% while Switzerland is at the second position with 98.3% and Iceland is the third with the ratio of 98% (Ecommerce Foundation, 2018). On the other hand, Ukraine is at the bottom of the list with 66% when Turkey has a ratio of 68.4%, which means Turkey's penetration is one of the lowest ratios among European countries. This state of Turkey indicates that the country is supposed to cover a lot of ground to catch up with the level of the developed countries in Europe where the internet penetration ratio is remarkable over 85%.

The other issue closely related to internet penetration is online shopping which has a high importance in today's economic system. In this context, considering the European region statistics again, the most online shoppers live in the Netherlands and Switzerland with the ratio of 82% according to the report prepared by Ecommerce Foundation. Sweden is the second with 81% when Denmark and Luxembourg follow it with 80% (Ecommerce Foundation, 2018). As understood from here, internet penetration and online shopping differ widely across the EU. The highest internet penetration rates do not mean a highest online shopping volume. Then, the question, "why does not high penetration rates guarantee high online shopping volumes?" comes to the mind.

In response to this question, the background of online shopping has to be initially comprehended. Online shopping is a system that creates closer relationships by benefiting virtual infrastructure of the internet based on the exchange of products and money among producers and consumers, reduces the costs, and gives opportunity to consumers to reach the products/services easily and independently of time and space (Chang & Chen, 2008; Lee et al., 2010; Gomez-Herrera et al., 2014). Online shopping has many advantages for both producers and consumers. It makes easier the way of doing business via digitalization; it provides a limitless choice of products/services and comparison of them to get with a better price (Mokhtarian, 2003; Liu & Forsythe, 2010).

However, there is a heavy cost coming with this online system. As Yıldırım (2013) mentioned, the digitalization of the transactions between producers and consumers makes the virtual environment uncertain and risky. The reasons resulting from lack of face-to-face communication, not being able to touch and see the products physically (unobservability), the problems associated with delivery and payment transactions, and theft of personal and/or financial information pose an obstacle to the development of online shopping. In addition to these factors, cultural values may sometimes create barriers as well (Kueh & Voon, 2007). Consumers tend to avoid online shopping especially when they have high levels of uncertainty avoidance scores. They feel uncomfortable and do not prefer to purchase online because of the factors associated with uncertainty such as information asymmetry, and the possibility of third

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