"A STUDY ON TRUST AND PERCIEVED RISK IN ONLINE SHOPPING WITH SPECIAL REFERENCE TO FEROKE MUNCIPALITY"

PROJECT REPORT

Submitted in partial fulfillment of requirements
For the award of the degree of

BACHLOR OF COMMERCE
UNIVERSITY OF CALICUT

Submitted by

MUHAMMED FARHAN P C
Reg. No. EMASBCM089

Under the guidance of
Mr. ABOOBACKER SIDDEEQ K C
(Assistant Professor, PG Department of commerce)

EMEA COLLEGE OF ARTS AND SCIENCE, KONDOTTY (AFFILIATED
TO UNIVERSITY OF CALICUT)
Accredited With 'A' by NAAC
2018-2021

DECLARATION

I, MUHAMMED FARHAN P C, hereby declare that this project report entitled "**A STUDY ON TRUST AND PRECIEVED RISK IN ONLINE SHOPPING WITH SPEACIAL REFERENCE TO FEROKE MUNCIPALITY"** a record of bona-fide research carried out by me and submitted to the University of Calicut in partial fulfillment of the requirement for the award of Bachelor of Commerce.

I also declare that this is an original work done by me and the same has not been submitted to the University or to any other institution for the fulfillment of the requirement of a course of study or for any other purposes. The work is carried on under the supervision and guidance of the faculty guide Mr. Aboobacker Siddeeq K C A [Assistant professor, PG Department of Commerce].

Date: **MUHAMMED FARHAN PC**

Place: [Reg. No: EMASBCM089]

CERTIFICATE

This is to certify that **Mr. Muhammed Farhan P C** is a bona fide B.Com student of the PG Department of Commerce, EMEA College, Kondotty. The project report entitled "**A STUD ON TRUST AND PERCIEVED RISK IN ONLINE SHOPPING WITH SPEACIAL REFERENCE TO FEROKE MUNCIPALITY**" has been prepared by under the guidance and supervision of **Mr. ABOOBACKER SIDDEEQ K C** [Assistant Professor, PG Department of Commerce] in partial fulfillment of the award of Bachelor of Commerce degree [2016-2019] of University of Calicut.

Date: **Prof. KAMALAM EDATHIL**

Place: [Head of the Department of Commerce]

EMEA
COLLEGE OF ARTS & SCIENCE
AIDED BY GOVT. OF KERALA
AFFILIATED TO THE UNIVERSITY OF CALICUT
RE-ACCREDITED WITH A BY NAAC

Ph: +94-483-2712030 / 2713530 / 2715020

Fax: +91-483-2713530

E-mail: mail@emeacollege.ac.in

<u>CERTIFICATE</u>

This is to certify that Project report entitled "**A STUDY ON TRUST AND PERCIEVED RISK IN ONLINE SHOPPING WITH SPEACIAL REFERENCE TO FEROKE MUNCIPALITY" by** Mr. MUHAMMED FARHAN P C has been prepared under my guidance and supervision. The work has been satisfactory and is recommended for consideration towards the award of B.Com degree of University of Calicut.

Date: **Mr. ABOOBACKER SIDDEEQ K C**

Place: Supervising Guide

ACKNOWLEDGEMENT

First and foremost, I thank God - Almighty who helped me in any endeavor

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Last but not least I wish to express my heart full gratitude to all my friends, family and all unseen hands that helped me in preparing this project.

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MUHAMMED FARHAN P C
[Reg. No: EMASBCM089]

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CHAPTER 1
INTRODUCTION

Introduction about study

Online shopping has been a growing phenomenon in the world. Today internet is not only a networking media, but also a means of transaction for customers. 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. It has been widely accepted in the recent years mainly because people find it easy and convenient. The internet with its wide information allows the customers to go through various reviews of the product or services before purchase. These online shopping websites also have daily deals for the customers.

Online shopping is the third most popular internet activity after e-mail uses and web surfing. However online shopping has got its own drawbacks such as reduced opportunities for sensory shopping, lack of face-to-face interactions, delay in goods ordered, postponement of consumption etc. Moreover, that there is a trust factor that has a great impact on consumer buying motive. Online shopping has got certain potential risk factors that may become a curse in success of online shopping. There are various factors influencing consumer's trust such as integrity, security and privacy.

Online shopping has been a growing phenomenon in the world. Today internet is not only a networking media, but also a means of transaction for customers. 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. It has been widely accepted in the recent years mainly because people find it easy and convenient. The internet with its wide information allows the customers to go through various reviews of the product or services before purchase. These online shopping websites also have daily deals for the customers.

Significance and Justification of the Study

Consumer behavior entails "all activities associated with the purchase, use and disposal of goods and services, including the consumer's emotional, mental and behavioral responses that precede or follow the activities". As a result of internet penetration, the act of purchasing products or services over internet has increased rapidly. Consumers tend to buy products through online because they find it convenient, easy and low cost. But still majority of people find it difficult because of their confusions regarding trust and perceived risk in online shopping. From this study, the trust and perceived risk in online shopping can be analyses. This present study helps to provide suggestions that prove beneficial to ecommerce companies. E-commerce companies will be in better position to design effective strategies which will attract the masses and influence them to buy online.

Statement of problem and Research question

Online shopping is the third most popular internet activity after e-mail uses and web surfing. However online shopping has got its own drawbacks such as reduced opportunities for sensory shopping, lack of face-to-face interactions, delay in goods ordered, postponement of consumption etc. More over that there is a trust factor that has a great impact on consumer buying motive. Online shopping has got certain potential risk factors that may become a curse in success of online shopping. There are various factors influencing consumer's trust such as integrity, security and privacy this study is mainly conducted for knowing that how many respondents have trust online shopping, what are the risk that has been faced by the respondents and whether they are satisfied with online shopping. It deals with the respondents who use online shopping for the consumption. It is very difficult to take respondents of Kozhikode district for data collection, so here only samples are collected from Feroke municipality and the sample size is 41. Questionnaire is very reliable data should get from the customers in that particular locality

Research gap based on review of literature

The research gap between Research and literature review is little different. Some of review of literature gives the online shopping risk only this is mainly focused perceived Risk and trust of online shopping in Feroke municipality. They take a broad area because they have vast technology and members i take my locality and a municipality area. The research likely similar with online concepts and the consumer behavior that should be same some of range. Literature review mainly focuses the point if risk and behavior of online users that's main gap between Research and review of literature.

Objectives of the study

1. To study the trust factors involved in online shopping.

2. To identify various risks involved in online shopping.

3. To identify the factors influencing customers to participate in online shopping.

4. To determine the most preferred site for online shopping.

Research design

Since the population of the selected locations for the research is very large and all the respondents could not be interviewed due to practical difficulties, only selected samples have been taken up for the study. Sample size of the study is 41. Here it is used convenience sampling technique for collection of primary data.

Nature of study

Study is conducted on the basis of online shopping and its trust and risk basically specialized in Feroke municipality. Questionnaire was provided to the people of the municipality which was filled by them. Responses have great attitude towards the queries.

Scope of the study

This study is mainly conducted for knowing that how many respondents have trust online shopping, what is the risk that has been faced by the respondents and whether they are satisfied with online shopping. It deals with the respondents who use online shopping for the consumption. It is very difficult to take respondents of Kozhikode district for data collection, so here only samples are collected from Feroke municipality and the sample size is 41

Data and methodology

The research methodology adopted for carrying out the study is mainly designed as on descriptive work based on primary data, obtained from the Questionnaire.

Research period

Present study is conducted for the period of 21 days

A. **Primary data**: Study is mainly based on primary data and it is collected from 41 customers who conducted onlineshopping.

B. **Secondary data**: Secondary data is collected from various books, magazines, journals, newspaper and tointernet.

Tools of Data Collection

The primary data for the study is collected through structured questionnaire. The questionnaire is pretested and necessary modifications are made in the final draft.

Tools of Analysis

To analyze the data obtained through primary data, mathematical and statistical tools like percentage are used. For presentation purpose, tables and diagrams are used.

Limitations of the study

Utmost care has been taken with regard to the data collection, classification and analysis of data. However, the study is subjected to the following limitations;

1. Lack of effective response from respondents.

2. The respondents have to fill the questionnaire while busy with their day-to-day activities; many people were reluctant to answer.

Chapter plan

- ✓ Chapter 1 –Introduction

- ✓ Chapter 2 – Review of literature

- ✓ Chapter 3 – Theoretical review

- ✓ Chapter 4 – Data analysis and interpretation

- ✓ Chapter 5 – Findings Suggestion and Conclusion

CHAPTER 2

REVIEW OF   LITRATURE

REVIEW OF LITERATURE

This chapter is devoted to show the past study done under the topic 'A Study on Trust and Perceived Risk in Online Shopping with Special Reference to Feroke Municipality'. The studies referred include the following;

1. **The Effect of Perceived Risk on Online Shopping in Jordan Emad Y. Masoud (2013)** did a study on perceived Risk on online shopping in Jordan. Consumers' perceived risk has been considered as a fundamental concern of decision-making process during online shopping. For the purpose of this study, perceived risk is defined as the potential for loss in pursuing a desired outcome from online shopping. The study aimed to examine the effect of perceived risks (financial risk, product risk, time risk, delivery risk, and information security risk) on online shopping behavior in Jordan. Primary and secondary data were used here. Here the measurement tools used included the questionnaires, Instrument reliability, Sampling and data collection and model fit analysis.

2. **Understanding online purchase intentions: contributions from technology and trust perspectives:-(2003) Hans van der Heijden,Tibet Verhagen, and Marcel Creemers.**They did study on Online shopping intentions and contribution from technology and trust. The research objective of this paper is to explore the factors that influence online purchase intentions in consumer markets. Firms operating in this segment sell their goods and services to consumers via a website. These online stores are important and sometimes highly visible investigate consumers' intentions to purchase products at online stores using two different perspectives: a technology-oriented perspective and a trust-oriented perspective. They also present an empirical study that examines the contribution of each perspective by surveying 228 potential online shoppers.

3. Risk Reduction Strategies in Online Shopping: E-trust perspective Angeliki Vosab, Catherine Marinagic, Panagiotis Trivellasc, Niclas Eberhagen (2014) They did study on risk reductionstrategies of online shopping. The online shopping is a process of electronic commerce whereby customers directly contact with e-vendors and thereby they can buy goods or services from an online store (Chaffey, 2009, p. 88). There are four key elements of business-to-customer (B2C) electronic commerce (Doolin et al. 2005, p. 66) exchanges, according to Ranganathan and Ganapathy (2002, p. 457), which have impact on online purchase intent: information content, design, security. An explanatory research approach should be adopted in order to identify cause-and-effect relationships between e-quality and customers' loyalty, satisfaction and trust conducted a survey on Greek customers of Internet shops to investigate the impact of e-service quality on satisfaction and trust

    .
4. **Online Shopping Environments in Fashion Shopping:** An S-O-R based review Fatema Kawaf (2009) She did work on Online Shopping Environments in Fashion Shopping: An S-O-R based and This paper presents a critical review of online environmental psychology articles based on the stimulus-organism-response paradigm. The structure of the paper follows the sequence of the S-O-R frameworki.e., starting with environmental stimuli both in traditional and online store settings. Then, consumer's inner organism theories are reviewed, followed by behavioral responses. Articles reviewed are mainly based on the Stimulus, Organism, Response (S-O-R), although studies of different theoretical backgrounds will be generally discussed. This review starts by addressing the S-O-R paradigm and its application to the online environment. Thorough review of stimulus, organism, and response literature will follow; and a chosen set of most relevant articles is coded in a table, and content analyzed. Finally, discussion and agenda for future research is suggested based on the analysis of current literature.

5. **Applying Theory of Perceived Risk and Technology Acceptance Model in the Online Shopping Channel Yong-Hui Li and Jing-Wen Huang (2013)** As the advancement of technology, online shopping channel develops rapidly in recent years. According to the report of Taiwan Network Information Center, there are almost eighty percent of internet populations shopping in online channel. Synthesizing insights from the previous research, this study develops the conceptual model to integrate Theory of Perceived Risk (TPR) and Technology Acceptance Model (TAM) to apply in online shopping. Using data collected from 637 respondents from online survey website, we use structural equation modeling to test measurement and structural models.

The results suggest the need for consideration of perceived risk as an antecedent in the Technology Acceptance Model.

6. **Perceived Ease of Use, Trust and Risk toward Attitude and Intention in Shopping for Online Fashion Products. In IndonesiaDede Suleman (2019),** this study aims to analyze the partial influence of perceived ease, trust and risk on the attitudes and intentions of consumers shopping online. This study uses purposive sampling in the survey method to produce a sample of 74 respondents from the city of Jakarta in Indonesia. The findings of this study indicate that there is a perception of convenience does not affect the attitudes and intentions of consumers. While trust and risk factors are factors that significantly influence the attitudes and intentions of consumers to shop online

7. **Factors influencing online shopping behavior: the mediating role of purchase intention Yi Jim lim (2016)** Internet shopping is a phenomenon that is growing rapidly nowadays. A peep into the exponential growth of the main players in this industry indicates there is still a large reservoir of market potential for e-commerce. University students aged between 18 and 34 that currently pursuing their studies in University Malaysia Perlis were selected as the subject of analysis. 662 out of 800 sets of questionnaires distributed were valid for coding, analyzing and testing the hypothesis. Collected data were then analyzed using SPSS version 18.0 and AMOS version 16.0. Structural Equation Modeling to examine the model fits and hypothesis testing.

8. **Antecedents of online shopping behavior in India: An examination Sapna Rakesh (2012)** The current research was undertaken to understand Indian students' intention to purchase through online shopping Websites. A survey of 325 students studying in Indian universities was conducted. The results indicate that Indian students' intention to purchase online is influenced by utilitarian value, attitude toward online shopping, availability of information, and hedonic values.

9. **Students' online shopping behavior: An empirical study Narges delafrooz (2010)** The ever-increasing use of the internet in Malaysia provides a developing prospect for E-marketers. Such marketers' awareness of the factors affecting Malaysian buyers. This paper sets out to examine the factors influencing students' attitudes towards online shopping in Malaysia through a five-level Likert scale self-administered questionnaire, which was developed based on prior literature. A total of 370 students were randomly selected. The multiple regression analysis demonstrated the most significant determinants of consumers' attitudes towards online shopping.

10. **A study of factors affecting on online shopping behavior of consumers Gagandeep Nagra, R Gopal (2012)** On-line shopping is a recent phenomenon in the field of E-Business and is definitely going to be the future of shopping in the world. Most of the companies are running their on-line portals to sell their products/services on-line in india. The potential growth of online shopping has triggered the idea of conducting a study on online shopping in India. The present research paper has used Qualitative and Quantitative research methods to study the impact of Demographic factors of consumers on on-line shopping

11. **Perceived Risk in Apparel Online Shopping: Moudi Almousa1 (2012)** The purpose of this study, drawing on marketing and psychometric paradigms, is to investigate the effect of risk perception dimensions on apparel internet purchase intention among Saudi consumers. A web-based survey was conducted to measure consumers' perception of the six types of risk associated with apparel online shopping and their influence on purchase intention.

12. **Dimensions of Consumer's Perceived Risk in Online Shopping NE Neiyil (2010)** Perceived risk is an important concept in consumer behavior in online shopping. It impedes the adopting online shopping. A structure model with seven factors of consumer's perceived risk in online shopping is developed in this paper.347 students of a university in western China participate this research. All respondents come from 26 provinces of China. 43.8% of them come from Sichuan provinces. The respondents' educational background covers undergraduate students, graduate students and MBA students. All MBA students and some of graduate students have working experiences.

13. **Perceived risk of information security and privacy in online shopping: A study of environmentally sustainable products Yao Chuan Tsai and Jong Chao Yeh (2011)** Consumers' information security and privacy for online shopping is a fundamental concern of decision-making for purchase. A survey was conducted with a sample size of 387 online shoppers, methodology was done using LISREL 8.54 and SPSS 12.0 to perform factor analysis in order to obtain the factors of the construct and to measure their validity and reliability,

14. **Perceived risk when buying online: evidence from a semi-structured interview Iconaru Claudia (2012)** In order to gain deeper understanding in consumers' perceptions regarding risk involved when buying online, a semi-structured interview was employed. 30 internet users that have purchased a product or service using the Internet within the last three months were questioned regarding their fears when deciding to buy from an e-commerce web site. The respondents were selected according to a stratified sampling technique.

15. **An Analysis of Factors Affecting on Online Shopping Behavior of Consumers Mohammad Hossein Moshref Javadi1, Hossein Rezaei Dolatabadi, Mojtaba Nourbakhsh, Amir Poursaeedi And Ahmad Reza Asadollahi1(2012**) They did study on the purpose of this study is to analyze factors affecting on online shopping behavior of consumers that mig*ht* be one of the most important issues of e-commerce and marketing field. To investigate these hypotheses 200 questionnaires dispersed among online stores of Iran. Respondents to the questionnaire were consumers of online stores in Iran which randomly selected. Finally, regression analysis was used on data in order to test hypothesizes of study. This study can be considered as an applied research from purpose perspective and descriptive- survey with regard to the nature and method (type of correlation).

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CHAPTER 3
THEORETICALFRAMEWORK

THEORETICAL FRAMEWORK

ONLINE SHOPPING

Online shopping is the form of electronic commerce that allows customers to buy goods or service directly from the seller over the internet. This involves an online shop or web portal for online sales, better known as a web store, e- store, or a virtual store, which provide the similar atmosphere of buying products and services from its brick-and-mortar counter parts. With the creation of the first World Wide Web browser in 1990 and put in to commercial use in the following year, there has been no looking back.

ADVANTAGES OF ONLINE SHOPPING

Convenience

Online stores are usually available 24 hours a day and many consumers have internet access both at work and at home. Other establishment such as internet cafes and schools provide internet access as well. In contrast visiting a conventional retailer store requires travel and must take place during business hours.

Information and reviews

Online stores must describe products for sale with text, photos, and multimedia files, whereas in a physical retail store, the actual product and the manufacturer's packaging will be available for direct inspection (which might involve a test drive, fitting, or other experimentation). Some online stores provide or link to supplemental product information, such as instructions, safety procedures, demonstrations, or manufacturer specifications. Some provide background information, advice, or how-to guides designed to help consumers decide which product to buy. Some stores even allow customers to comment or rate their items. There are also dedicated review sites that host user reviews for different products. Reviews and even some blogs give customers the option of shopping for cheaper purchases from all over the world without having to depend on local retailers.

PRICE AND SELECTION

One advantage of shopping online is being able to quickly seek out deals for items or services provided by many different vendors (though some local search engines do exist to help consumers locate products for sale in nearby stores). Search engines, online price comparison services and discovery shopping engines can be used to look up sellers of a particular product orservice.

SAVE TIME

Because of the changing lifestyle and lack of time, consumers get hardly time to go out to shop at physical locations such as stores and shopping malls. The only basic require for online shopping is credit card and computer with internet access. An internet shopper just has to sit down with computer having internet access and credit card, choose the product required then order and wait for the delivery.

DISADVANTAGES OF ONLINE SHOPPING

Fraud and security concerns

Given the lack of ability to inspect merchandise before purchase, consumers are at higher risk of fraud than face-to-face transactions. When ordering merchandise online, the item may not work properly, it may have defects, or it might not be the same item pictured in the online photo. Merchants also risk fraudulent purchases if customers are using stolen credit cards or fraudulent repudiation of the online purchase. However, merchants face less risk from physical theft by using a warehouse instead of a retail storefront.

Lack of full costdisclosure

The lack of full cost disclosure may also be problematic. While it may be easy to compare the base price of an item online, it may not be easy to see the total cost up front. Additional fees such as shipping are often not visible until the final step in the checkout process. The problem is especially evident with cross-border purchases, where the cost indicated at the finalcheckoutscreen may not include additional fees that must be paid upon delivery such as duties and brokerage. Some services such as the Canadian-based Wishabi attempts to include estimates of these additionalcostsbut nevertheless, the lack of general full cost disclosure remains a concern

No bargaining power to customers

In online shopping the customers have no power to bargain for price. So the price is fixed by the retailers and it is static.

Privacy

Privacy of personal information is a significant issue for some consumers. Many consumers wish to avoid spam and telemarketing which could result from supplying contact information to an online merchant. In response, many merchants promise to not use consumer information for thesepurposes.

PAYMENT METHOD

Online shoppers commonly use a credit card or cash on delivery on debit card in order to make payments. However, some systems enable users to create account and pay by alternative means, such as:

1. **Cash on delivery(C.O.D)**

Cash on delivery, sometimes called collect on delivery, is the sale of goods by mail order where payment is made on delivery rather than in advance. If the goods are not paid for, they are returned to the retailer. Originally, the term applied only to payment by cash but as other forms of payment have become more common, the word "cash" has sometimes been replaced with the word "collect" to include transactions by checks, credit cards or debit cards.

2. **Debit card**

A debit card (also known as a bank card, plastic card or check card) is a plastic payment card that can be used instead of cash when making purchases. It is similar to a credit card, but unlike a

credit card, the money is immediately transferred directly from the cardholder's bank account when performing a transaction. Some cards might carry a stored value with which a payment is made, while most relay a message to the cardholder's bank to withdraw funds from a payer's designated bank account. In some cases, the primary account number is assigned exclusively for use on the Internet and there is no physical card

.

3. Credit card

A credit card is a payment card issued to users as a system of payment. It allows the card holder to pay for goods and services based on the holders promise to pay for them. The issue of card creates a revolving account and grand a line of credit to the consumer (or the users) from which the users can borrow money for payment to a merchant or as a cash advance to the user. A credit card is different from a change card charge requires the balance to be in paid in full each month. In contrast, credit card allows the consumers a continuing balance of debt, subject to interest being charged. A credit card also differs from such a cash card, which can be used like currency by the owner of card. A credit card is different from a charge card also in that a credit card typically involves a third-party entity that pays the seller and is reimbursed by the buyer, whereas charge card simply defers payment by the buyer until a later date.

4. Net banking

This is a system, well known in India, which does not involve any sort of physical card .it is used by customers who have accounts enabled with internet banking. Instead of entering card details on the purchases site, in this system the payment gateway allows one to specify which bank they wish to pay form. Then the user is redirected to the bank's website, where one can authenticate oneself and then approve the payment. Typically, there will also be some form of two factor authentication.

MAJORONLINESHOPPING   SITES

1. <u>FLIPKART</u>

Flip kart (company) was founded in 2007 by Sachin Bansal and Binny Bansal, both alumni of the Indian institute of technology Delhi. They had been working for amazon.com previously. It operates exclusively in India, where it is headquartered in Bangalore, Karnataka, though Flip kart is actually registered and based in Singapore. The business was formally incorporated as a company in October 2008 as Flip kart online services private limited. During its initial years, Flip kart focused only on books, and soon as it expanded, it started offering other products like electronic goods, air conditioners, air cooler, stationary supplies and life style product and e-book. The first product sold by them was the book leaving Microsoft to change the world, bought by VVK Chandra from Andhra Pradesh. Flip kart now employs more than 15000 people. Flip kart allows payment methods such as cash on delivery, credit or debit card transactions, net banking, e-gift voucher and card swipe on delivery.

1. **AMAZON**

Amazon.com is an American electronic commerce company with headquarters in Seattle, Washington. It is the largest internet-based retailer in the United States. Amazon.com started as an online book store, but soon diversified, selling DVDs, VHSs, CDs, video games, electronics, apparel, furniture, food, toys, and jewelry. The company also produced consumer electronics notably, Amazon kindle e- book readers, fire tablets, fire TV and fire phone and is a major provider of cloud computing services. The company was founded in 1994, spurred by Jeff Bezos called his `regret minimization framework', which describe his effort to fend off any regret for not participation sooner in the internet business boomduring that time. In 1994, Bezos left his employment as vice-president of D.E Shaw& co, a Wall Street firm, and moved to Seattle. He began to work on a business plan for what would eventually become amazon.com. Jeff Bezos incorporated the company as cadabra on July 5, 1994 and the site went online as amazon.com in 1995. Bezos changed the name cadabra.com to amazon.com because it sounded too much like cadaver. Additionally, a name beginning with A was preferential due to the probability it would occurat the top of any list that was alphabetized**.**

2. **WALMART**

Walmart store, Inc. doing business as Walmart, is an American multinational retail corporation that operates a chain of hypermarkets, discount department stores and grocery stores. Headquartered in Bentonville, Arkansas, the company was founded by Sam waltor in1992 and incorporated on October 31, 1996. As of December 31, 2015, it has a total of 11620 stores in 28 countries under a total of 65 banners; the company operates under the Walmart name in the United States and Canada. It has wholly owned operations in Argentina, Brazil and Canada. The products of Walmart is electronics, movies and music, home and furniture, clothing, footwear, jewelry, party supplies and grocery.

3. <u>**MYNTRA**</u>

Myntra is an Indian fashion e-commerce company headquartered in Bangalore, Karnataka, India. The company was founded in 2007 to sell personalized gift items. Established by Mukesh Bansal along with Ashutosh Lawania and Vineet Saxena; Myntra sold on-demand personalized gift items. It mainly operated on the B2B (business-to-business) model during its initial years. In May 2014, Myntra.com was acquired by Flipkart.

TYPES OF PERCEIVED RISK IN ONLINE SHOPPING

- **FINANCIAL RISK**

Perceived financial risk is defined as concern over any financial loss that might be incurred because of online shopping they are various reasons due to which a consumer may feel financial risk. This risk may arise when consumer is making payment through credit card resulting to financial loss. Financial loss here refers to the money lost as when the consumer cannot get a refund when needed or is notable to reverse the transaction or to stop payment after discovering the mistake. Sometimes due to fraudulent and authorized use of credit card also financial loss may occur consumer may also feel financial also risk with the possibility that the product might not be worth the financial price and could in case of faults may also lead to financial risk loss of money in case of faults may also lead to financial risk loss of money in case of poor product or service choice also may lead to financial loss.

- **PERFORMANCE RISK**

Perceived performance risk is defined as concern over the functionality of the communication channel i.e., internet if a consumer feel that a product or brand may not perform as anticipated or there may be chances of the product failing to meet the performance requirements originally intended at the time of purchase while online shopping, then performance risk occurs. This risk basically arises while online shopping due to difficulty in determining the characteristics of the product such as quality, color, and style by just looking at pictures on the web. Thus, the product ordered with specific color and quality as displaced on the website may not match with the delivered product.

- **TIME   LOSSRISK**

Time loss risk is defined as concern over the amount of time required to receive the product this risk may arise due to various reason time wasted in case of poor choice of product, long waiting relating to show downloading depending on the network, traffic at site and kind of information being obtained, late or missed deliveries, time wasted when facing with difficulties with site navigation, mobility to locate items and complex procedures, time lost due to technological difficulty encountered in browsing through the website, time lost in returning or exchanging the product.

- **SOURCE RISK**

The fear or worry whether or not the approaching shoppers can trust the online vendors and feel comfortable in doing business with them may lead to perceived source risk the set of perceptions that receivers of communication hold towards a source involves source credibility difficulty in determining their liability, expertise, reputation, trustworthiness and believability of some online companies may result in source risk.

- **PRIVACY RISK**

Perceived privacy risk refers to concern over the loss of sensitive and proprietary information. Privacy of personal information is significant issue for some consumers. Different legal jurisdictions have different laws concerning consumer privacy and different levels of enforcement many consumers wish to avoid spam and telemarketing which could result from supplying contract information to an online merchant lack of privacy is the important reason for reluctance of online shopping.

- **PERCEIVED RISK**

In context of online shopping, perceived risk is defined as the "the expectation of any loss or any negative consequences as a result of online shopping". If a purchase is perceived as risky consumers will employ strategies to reduce the pewithdraw risk until it is below their level of acceptance risk. Or if they are enabling to do so, withdraw from the purchase with in context, risk is distinguished between inherent and handled risk the former refers to the risk before and later to the risk after consumers has applied risk. Reduction strategies thus, inherent risk is the determinant of risk, where as handled risk is the result there of perceived risk influences every stage of consumers decision making process.

- **ONLINE TRUST**

Online trust is defined as "one kind of subjective belief of one party towards another that the latter will act as commonly predicted and exploit no vulnerability under the online environment filled with uncertainties and risk.There are three dimensions of online trust. Technical based (web searching, technology and presentation), uncertainty of transactions and   security (security assurance) and competency based (reputations, fulfillment and interactions. online trust plays a key role in creating satisfied and expected outcomes in online transactions. Apart from inspiring and meeting consumer's high expectations of gratifying transactions, high degree of trust reduces uncertainty, perceived risks and interdependence in most of online transactions. Thus, trust enhances consumer's belief that e-venders will not engage in opportunistic behavior. The deepening of online trust from building trust to confirming and maintaining trust over time has been examined by authors. Past experience, long term orientation, positive trusting stance and feeling of control drive trust. The online trust can be categorized in to two-potential consumer's trust and repeat consumers trust.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

GENDER CLASSIFICATION OF RESPONDENTS

Table 4.1

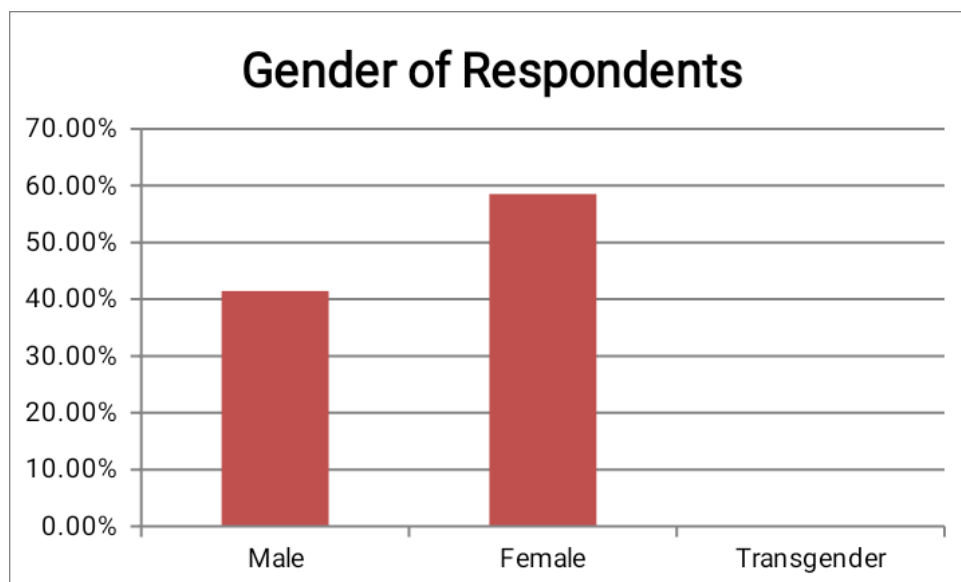| Gender	No. of respondents	Percentage
Male	17	41.46
Female	24	58.54
Transgender	0	0.00
TOTAL	41	100

Figure 4.1

INTERPRETATION

From the above table, it is clear out of total respondents, 41.46% are male online consumers and 58.54% are female consumers.

AGE OF RESPONDENTS

Table 4.2

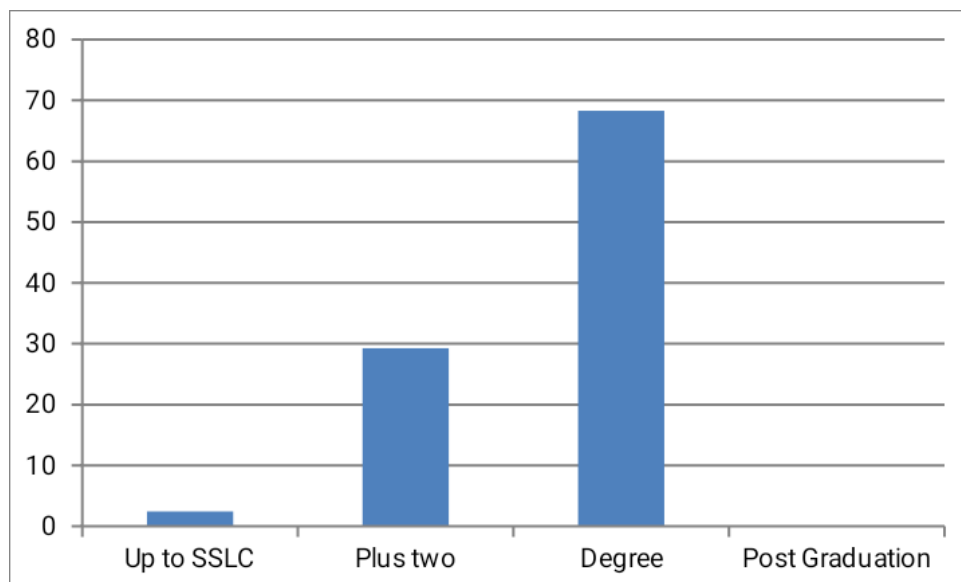| Age of Respondents	No. of respondents	Percentage
Below 20	14	34.15
20-30	27	65.85
30-40	0	0.00
Above 40	0	0.00
TOTAL	**41**	**100**

Figure 4.2
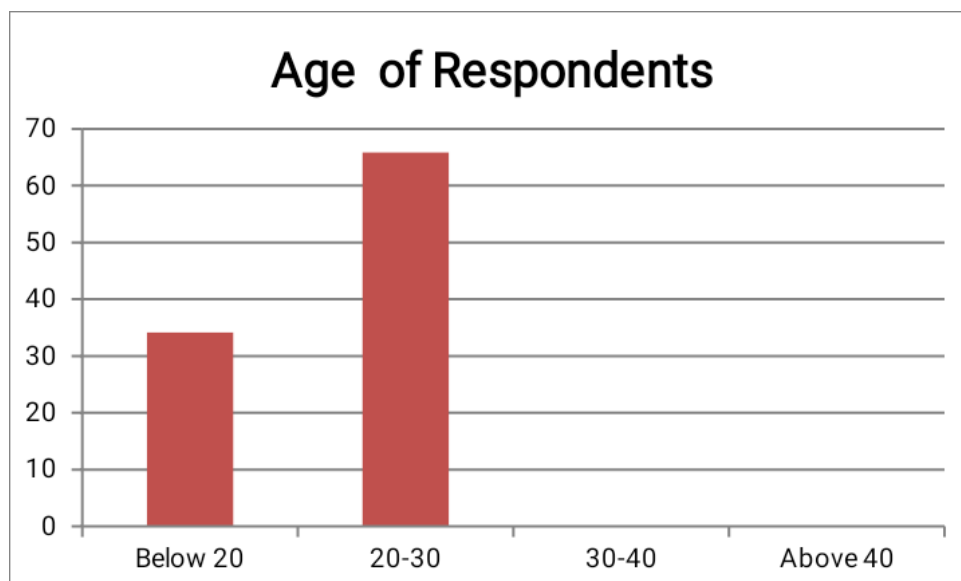
Age of Respondents

INTERPRETATION

Out of the total respondents belong to the group Below 20, 34.15% and age group 20-30 65.85%. And none of the respondents are come under the category of 30-40 and above 40

EDUCATIONAL BACKGROUND OF RESPONDENTS

Table 4.3

Educational background	No. of Respondents	Percentage
Up to SSLC	1	2.44
Plus two	12	29.27
Degree	28	68.29
Post Graduation	0	0.OO
TOTAL	41	100

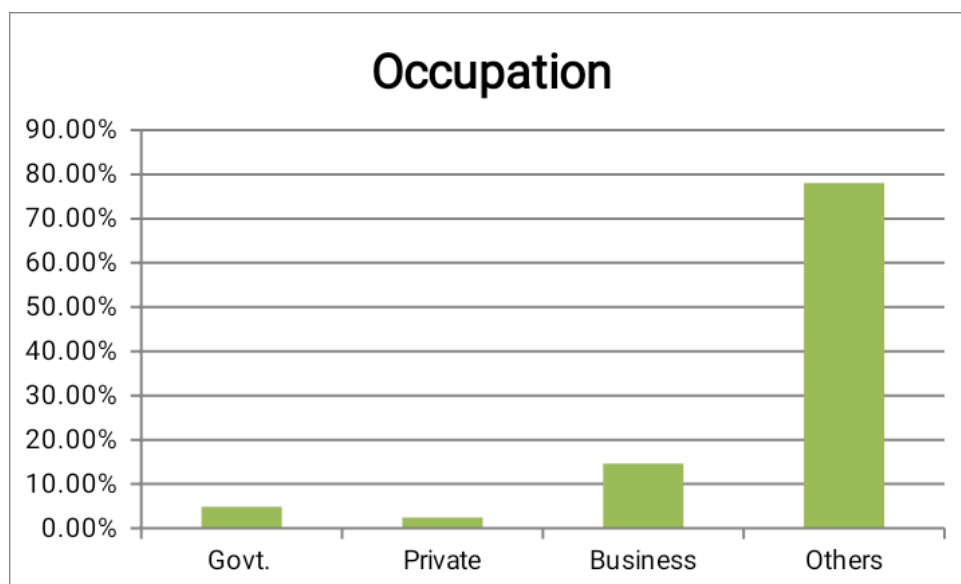**Figure 4.3**

INTERPRETATION

This table shows the educational qualification of the respondents. 68.29% are coming under degree level, 29.27% under plus two levels, and 2.44% in SSLC

OCCUPATION OF RESPONDENTS

Table 4.4

Occupation	No. of respondents	Percentage
Govt.	2	4.88%
Private	1	2.44%
Business	6	14.63%
Others	32	78.05%
TOTAL	41	100

**Figure 4.4**

INTERPRETATION

The table shows occupation of online consumers. 4.88% comes under Govt. sector, 2.44% works in private sector, 14.63% are doing business and 78.05% comes under the classification other, which includes students and home maids.

FAMILY MONTHY INCOME OF THE RESPONDENTS

Table 4.5

| Monthly Income	No of respondents	Percentage
Below 10000	15	36.59
10000-20000	7	17.07
20000-30000	7	17.07
30000 Above	12	29.27
TOTAL	41	100

Figure 4.5
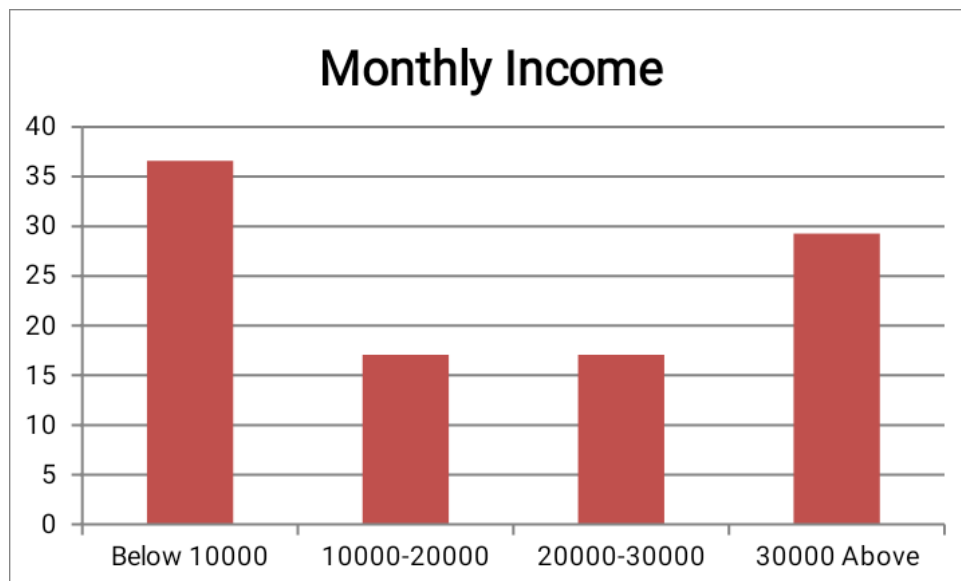
INTERPRETATION

Out of the total respondents, 36.59 % belongs to below 1000 income level, 17.07% comes under 10000-20000 income level, 17.07% under 20000-30000 level and 2927% comes under category of above 50000 income level

AMOUNT SPENT IN ONLINE TRANSACTION

Table 4.6

| Amount spent	No. respondents	Percentage
Less than 500	7	17.07%
500-1000	13	31.71%
1000-1500	13	31.71%
1500 above	8	19.51%
TOTAL	**41**	**100**

Figure 4.6
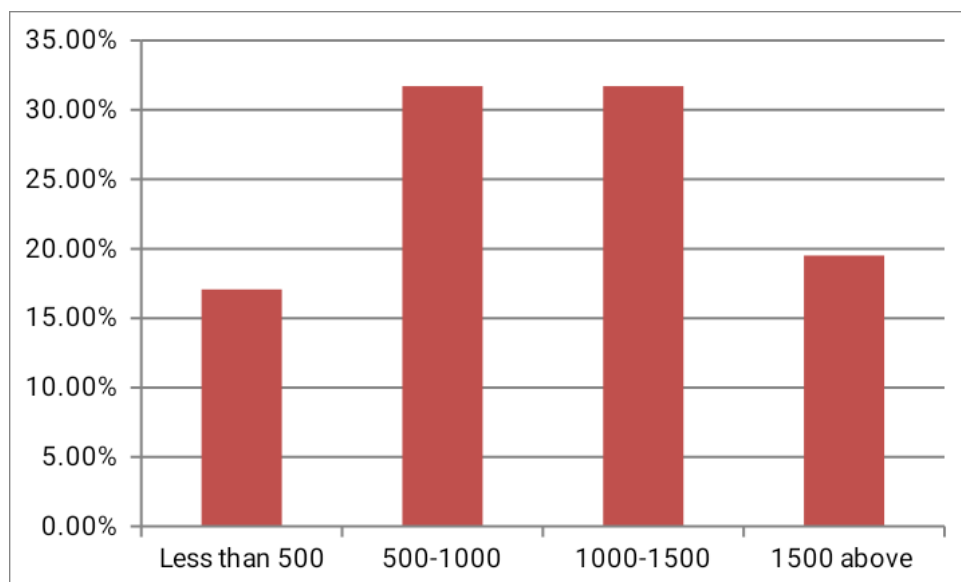
INTERPRETATION

This table shows the amount spend by the consumers on online shopping. 17.07% of the total respondents spend less than Rs. 500, 31.71% Spend in between Rs.500 and Rs.1000, and same on between Rs.1000 and Rs.1500 and 19.51% lies in above 1500 Rs. On online shopping

MOST USED WEBSITES IN ONLINE SHOPPING (MULTI RESPONDENTS)

Table 4.7

websites	No of respondents	Percentage
Amazon	15	36.56%
Flipkart	20	48.78%
Myntra	6	14.63%
Walmart	0	0.00%
TOTAL	41	100

Figure 4.7
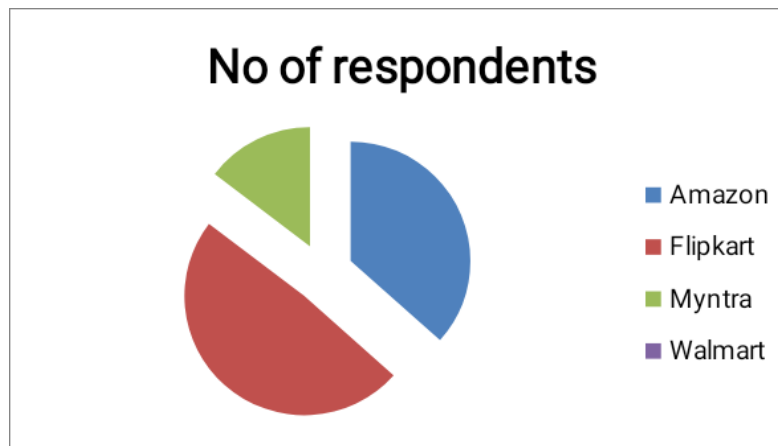
INTERPRETATION

This table reveals the most popular websites used in online shopping. 36.56% of the respondents use Amazon while 48.78% use Flipkart, 14.63% use Myntra for online shopping and here nobody use Walmart for their consumption.

YEAR OF EXPERIENCE IN ONLINE SHOPPING

Table 4.8

| Year of experience	No. of respondents	percentage
Less than 1 year	8	19.51%
1year-2 year	15	36.59%
3year-4year	10	24.39%
More than 4 year	8	19.51%
TOTAL	41	100

Figure 4.8

INTERPRETATION

This table shows the experience of the customers in online shopping. It is observed that 19.51% of the total respondents are having less than 1 year experience, 36.59% have 1year-2year experience 24.39% having 3-to-4-year experience and again 19.51% having more than 4 year experience in online shopping.

TYPES OF PRODUCT PURCHASED THROUGH ONLINE SHOPPING (MULTI-RESPONDENTS)

Table 4.9

| Product	No. of respondents	Percentage
Clothes	19	46.34%
Books	1	2.4%
Electronics	10	24.44%
Others	11	26.83%
TOTAL	41	100

Figure 4.9
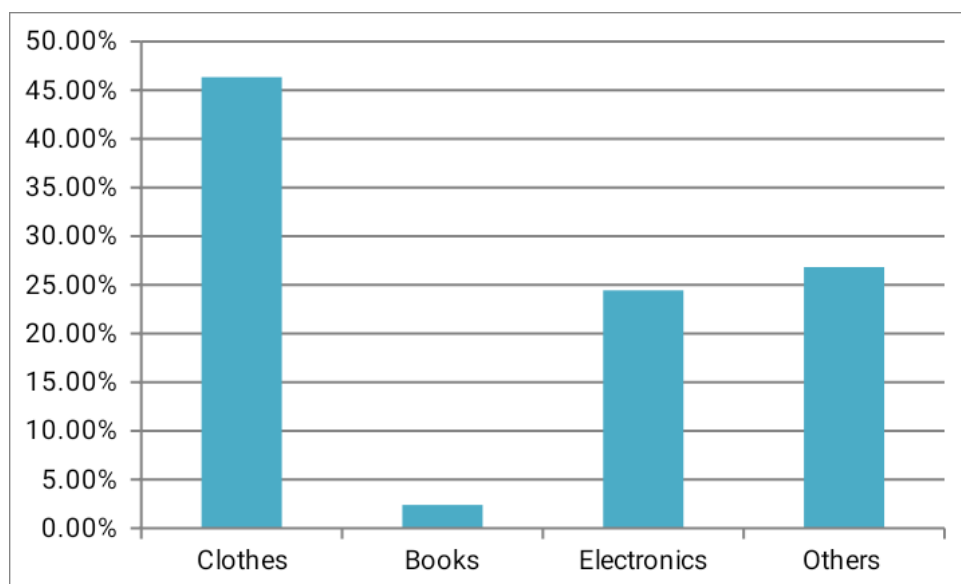
INTERPRETATION

This table shows that majority of the respondents prefer clothes (46.34%). Only 2.4% Use for books, 24.44% for electronics and 26.83% prefer under another category

TRUST IN ONLINESHOPPING

Table 4.10

Trust	No. of respondents	Percentage
Yes	38	92.68%
No	3	7.32%
TOTAL	41	100

Figure 4.10
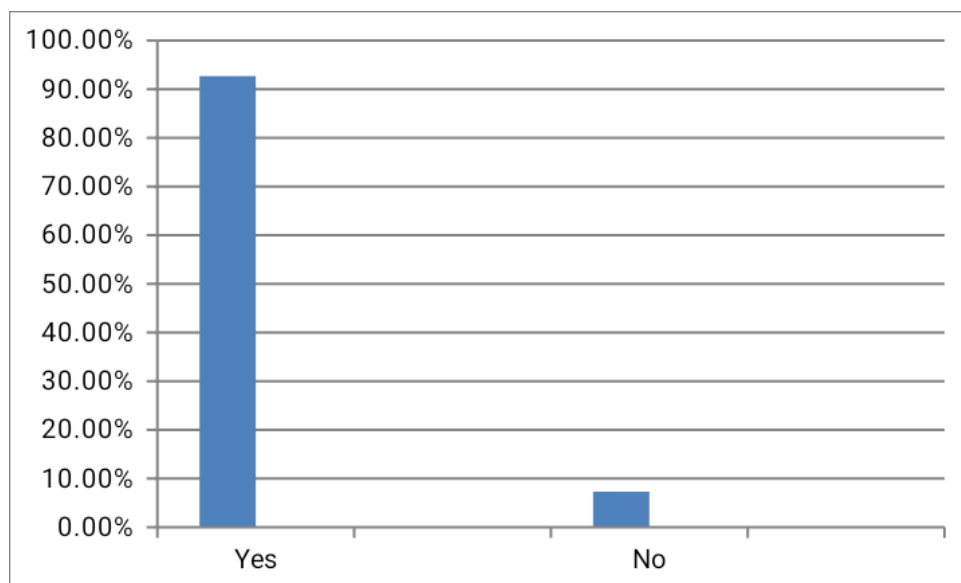
INTERPRETATION

This table shows trust of the respondents towards online shopping. 92.68% of the total respondents have trust while only 7.32% don't have trust in online shopping

.

METHOD OF PAYMENT SYSTEM ADOPTED IN ONLINE SHOPPING (MULTI -RESPONDENTS)

Table 4.11

Method	No.of respondents	Percentage
Credit card	1	2.44%
Debit card	7	17.07%
Cash on delivery	30	73.17%
Net banking other	3	7.32%
TOTAL	41	100

Figure 4.11

INTERPRETATION

The mode of payment for online shopping include debit card, credit card, cash on delivery and net banking Among this majority of the respondents use cash on delivery method (73.17%),17.07% use debit card , 7.32% use net banking and only 2.44% use credit card.

SATISFACTION OF RESPONDENTS WITH TERMS ANDCONDITIONS

Table 4.12

| Satisfaction	No.of respondents	Percentage
Yes	35	85.37%
No	6	14.63%
TOTAL	41	100

Figure 4.12

Satisfaction

INTERPRETATION

From this table it is observed that 85.37% of the respondents are satisfied with terms and conditions of online shopping while only 14.63% are not satisfied.

SATISFACTION WITH QUALITY OF THE PRODUCT

Table 4.13

| Satisfaction	No. of respondents	Percentage
Very satisfied	3	7.32%
Fairly satisfied	18	43.9%
Satisfied	17	41.46%
Not satisfied	3	7.32%
TOTAL	41	100

Figure 4.13
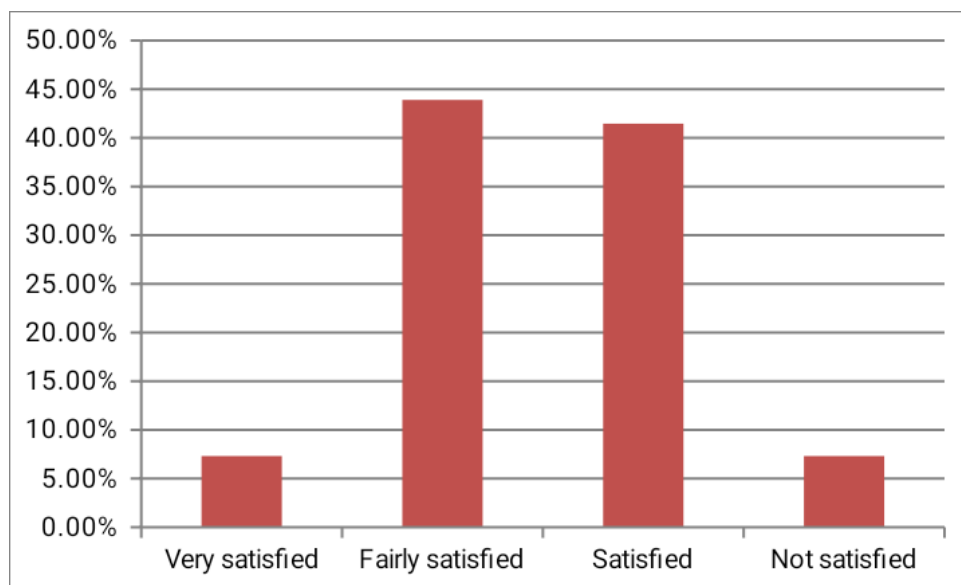
INTERPRETATION

The above table depicts the quality of the product consumed through online by different customers, 7.32% of the respondents are highly satisfied, 43.9% are fairly satisfied, 41.46% are satisfied and 7.32% are not satisfied with the quality of the product

TIME REQUIRED FOR OBTAINING PRODUCT (MULTI-RESPONDENTS)

Table 4.14

Time required	No.of respondents	Percentage
7 days	30	73.17%
14 days	9	21.95%
21 days	1	2.44%
1 month	0	0.00
TOTAL	41	100

Figure 4.14
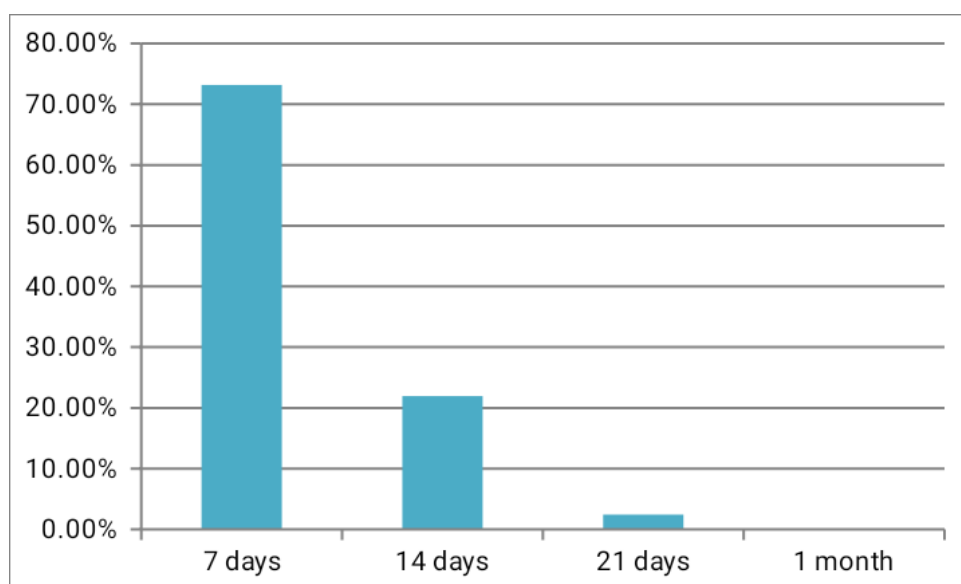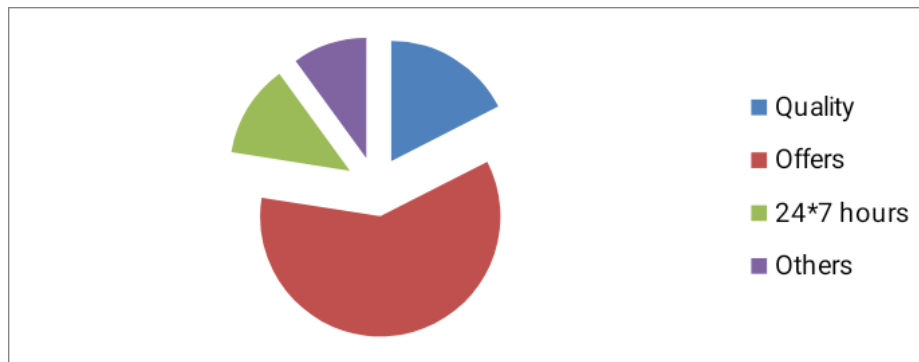

INTERPRETATION

The table shows that 73.17% of the respondents obtain the product within 7 days, 21.95% within 14 days and 2.44% within 21 days.

FACTORS INFLUENCING TO BUY PRODUCTS IN ONLINE
(MULTI REPONDENTS)

Table 4.15

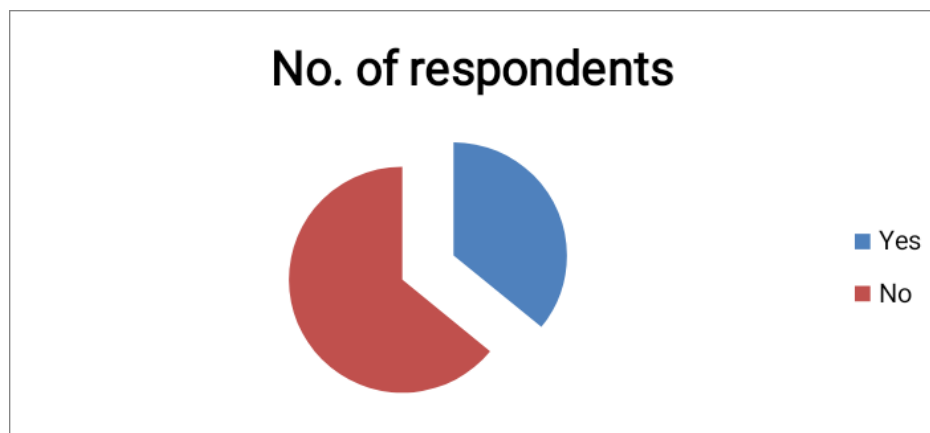| Factors	No. of respondents	Percentage
Quality	7	17.07%
Offers	24	58.54%
24*7 hours	5	12.20%
Others	4	9.76
TOTAL	41	100

Figure 4.15

INTERPRETATION

This table shows the factors influencing online shopping. 17.0% opt online shopping due to quality of the product, 58.54% of respondents choose the online platform because of vast offers,12.20% due to 24*7 hours availability and 9.76% of respondents have other factors influencing in the online shopping.

4.16. <u>REACH OF AFTER SALE SERVICE</u>

Table 4.16

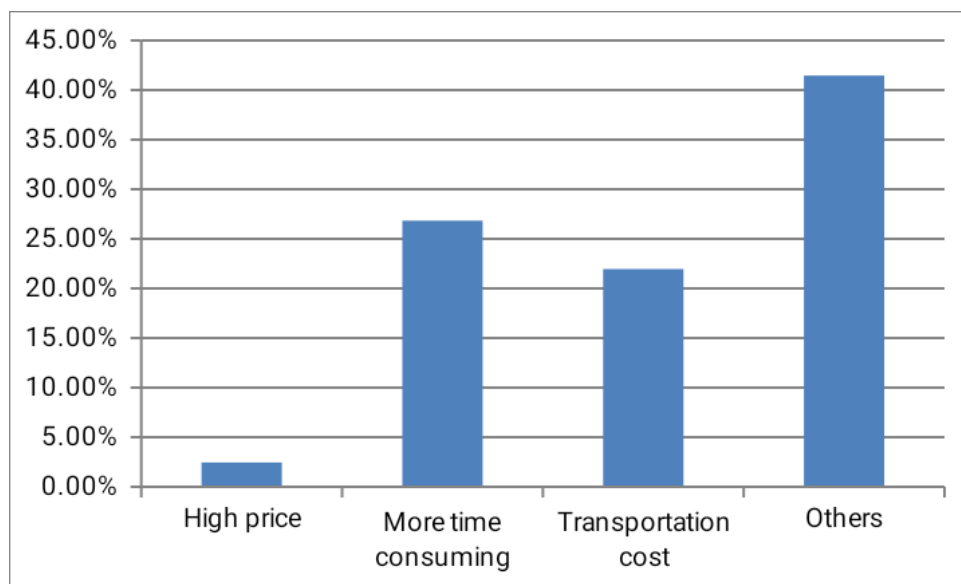| After sale service	No. of respondents	percentage
Yes	14	34.15%
No	25	60.98%
TOTAL	41	100

Figure 4.16

INTERPRETATION

From the above table it is observed that 34.15% of the Respondents only get the after- sale service while 60.98% don't get after sale service.

REASON FOR RELUCTANCE FOR ONLINESHOPPING

Table 4.17

| Reason	No of respondents	Percentage
High price	1	2.44%
More time consuming	11	26.83%
Transportation cost	9	21.95%
Others	17	41.46%
TOTAL	41	100

Figure 4.17

INTERPRETATION

From the table it observed that 2.44% of the respondents avoid online shopping due to high price, 26.83% due to more time consuming, 21.95% due to transportation cost and 41.46% fall in other category.

RECOMMENDATION OF ONLINE SHOPPING TOOTHERS

Table 4.18

Recommendation	No. of respondents	Percentage
Yes	34	82.93%
No	5	12.20
TOTAL	41	100

Figure 4.18
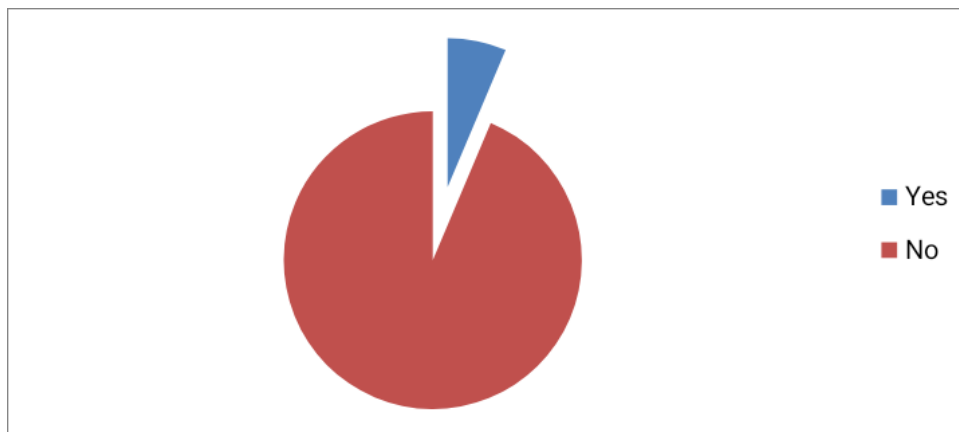
INTERPRETATION

From the above table it is observed that 82.93% of the respondents recommend others to perform online shopping while only 12.20% don't recommend.

CHAPTER - 5

SUMMARY, FINDINGS, SUGGESTIONS AND CONLUSION

FINDINGS

➢ From the study it is observed that the majority of the online shoppers are from male category (42%).

➢ The study shows that the age group 20-30 are playing major role in online shopping (65%).

➢ The study observed that graduate level customers are mainly using online shopping (68%)

➢ It is observed that the other category performs major part in online shopping among the different occupationalgroups (79%).

➢ It is found that family income group less than 10000 is mainly performing online purchase (37%).

➢ It is observed that 32% of the online customers are spending in between Rs500 and Rs 1000 and 1000-1500 for online shopping

➢ The study exhibits that 48% of the customers are using Flipkart.

➢ From the study it is observed that 37% of the respondents are having experience in between 1 to 2years.

➢ It is found that majority of the online customers prefer purchase of clothes in online shopping.

➢ The study reveals that 92% of the respondents have trust in online shopping and the balance 7% don't trust mainly because of low quality of the products.

➢ It is observed that the majority of the online consumers are using 'cash on delivery' payment method (60%).

➢ The study reveals that 85% of the respondents are satisfied with the terms and conditions of online shopping.

> ➤ It is observed that 44% of the respondents are fairly satisfied with the quality of the products delivered.

> ➤ It is observed that 73% of the respondents obtains product within 7 days.

> ➤ It is found that majority of the customers are choosing online shopping due to variety of offers (59%)

> ➤ While doing the project, it is observed that 61% of the respondents don't avail after sale service.

> ➤ The study reveals that majority of the customers are reluctance in conventional shopping due to more time taking process and other category (42%).

> ➤ The study reveals 83% of the customers recommend online shopping to others.

SUGGESTION

> ➤ The online vendors should create website having informative contents to encourage online consumers.

> ➤ To provide clear exchange of refund policy to minimize the perceived risk in purchasing.

> ➤ To provide more information about the products to compare the price and features with similar competingproducts.

> ➤ To provide more delivery centers in semi urban areas also.

CONCLUSION

The study has been focused on trust and perceived risk in online shopping. It is found that the online buyers are predominantly male, young and educated. Internet usage pattern in terms of average time spent, place of accessing internet, and types of sites visited using internet between both buyers and non-buyers were almost same. The most popular purchases include clothes and electronic products. Majority of the customers also do recommend online shopping to others. The online marketing, a revolutionary buying system used daily by thousands of people globally. Now a day's people changed their attitude from traditional shopping to online shopping. In this modern era online shopping plays a major role as a silent marketing revolution. In this business online shopping of website like Flipkart, Amazon and Alibaba.com are playing one important role

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APPENDIX,

QUESTIONNAIRE

TRUST AND PERCIEVED RISK IN ONLINE SHOPPING WITH SPECIAL REFERANCE TO FEROKE MUNICIPALITY

1. Name:

2. Gender:

    ○ Male   ○ Female   ○ Transgender

3. Age:

    ○ Below 20   ○ 20-30   ○ 30-40   ○ above 40

4. Educational qualification:

    ○ SSLC   ○ +2   ○ UG   ○ PG

5. Occupation:

    ○ Government   ○ Private   ○ Business   ○Other

6. Monthly income of Family:

    ○ below 10000   ○ 10000-20000   ○ 20000-30000 ○ 30000 above

7. How much amount do you spend for online shopping?

    ○ less than 500   ○ 500-1000   ○ 1000-1500   ○ 1500 above

8. Types of websites youvisited?

    ○ Amazon   ○ Flipkart   ○ Walmart   ○ Myntra

9. Years of experience in online shopping?

       ○ less than 1 year ○ 1-2 years   ○ 3-4 years   ○ 4 above

10. What type of products do you buy?

       ○ Clothes   ○ Electronics   ○ Books   ○ Others

11. Do you trust in online shopping?

       ○ Yes   ○ No

  11.(a) If NO, what is the reason?

12. Adopted Payment System?

       ○ credit card   ○ Debit card   ○ COD   ○ Net banking   ○

  Other

13. Are you satisfied with terms and conditions of online shopping?

       ○ Yes   ○ No

14. Are you satisfied with quality of product?

       ○ Ver satisfied   ○ Fairly satisfied   ○ Satisfied   ○ Not satisfied

15. Time required for obtaining product?

       ○ 7 days   ○ 14 days   ○ 21 days   ○ One month

16. Factors influencing to buy the product?

       ○ Quality   ○ Offers   ○ 24*7   ○ Others

17. Do you get after sales service?

    ○ Yes   ○ No

18. Reason for reluctance of online shopping?

    ○ High price   ○ More time taking   ○ Transportation cost   ○ Other

19. Do you recommend onlineshopping?

    ○ Yes   ○ No