

# IMPACT OF PERCEIVED RISK AND E-WORD OF MOUTH ON CONSUMER PERCEPTION TOWARDS ETAILING

M Sadik Ali<sup>1</sup> and Dr. S. Pragadeeswaran<sup>2</sup>

<sup>1</sup>Research Scholar, Department of Business Administration, Annamalai University, Chidambaram.

<sup>2</sup> Professor, Department of Business Administration, Annamalai University, Chidambaram

**Abstract:** Selling of retail goods and services on B2C platforms through internet is called as e-tailing. The perceived risk in online shopping has a negative effect on consumer's attitude and usage behavior and their intention to adopt E-commerce. The technological advancement in the retail market has been revolutionized and new tactics have been developed to leading the change. The internet has become a medium for any prospective consumers to gather unbiased product information and consumption related advices from other consumers by engaging in E-Wom. The research tries to identify the impact of e-word of mouth and perceived risk on consumer perception towards e-tailing in Cuddalore district. Path analysis is used to analyze and found that there is influence of e-word of mouth on Consumer perception towards e-tailing. It is also found that there is no influence of perceived risk on Consumer perception towards e-tailing. The analysis found that there is influence of e-word of mouth and Consumer perception on repurchase intention towards e-tailing in Cuddalore district. Hence, it is concluded that changing customers' perceptions about perceived risks associated with online buying and instilling confidence and acceptance about e-tailing amongst consumers remain a challenge to marketers.

**Keywords:** E-word of mouth, perceived risk, Consumer Perception, Repurchase Intention and Etailing.

## 1. INTRODUCTION

Performing business directly with consumers over the internet medium is called as online retailing or e-tailing. E-tailing makes it easier for a manufacturer as well as the end user by selling goods/services directly by cutting out the intermediaries. The internet have shaped the way business happens in this modern era, consumers are offered with more opportunities in finding the products for purchases and sharing their pre or post purchase experiences with other consumers through electronic word-of-mouth communications all the way through electronic media, like online forums or communities, blogs, review sites and other social networking sites (Goldsmith, 2006). The e-wom communication refers to the type of statements or images with description accessible online, which are posted by actual or former customers of a particular product or company (Hennig-Thurau et al., 2004). This new way of e-word of mouth might be more powerful in terms of triggering the purchase intention. Perceived risk is regarded as a sense of uncertainty and adverse consequences of engaging in an activity. The risk arise due to the invisible nature of business houses which perform business with consumers causes the risk. Kaur (2005) also states that customers doing online purchase are concerned about unsafe products, insecure payment methods, loss of personal privacy, and misuse of personal information. Reducing the risk by assuaging the consumer through means of improving quality business can result in positive consumer perception. Repurchase intention is defined here as the intention to repurchase a particular brand of product again. A buyer who has higher levels of trust of the salesperson and the manufacturer with which he/she has had experience is more likely to repurchase that brand than is the customer with lower levels of trust. The research tries to find out the impact of perceived risk and e-word of mouth on consumer perception and finally on their repurchase intention towards e-tailing.

## 2. REVIEW OF LITERATURE

In general, people share advice with others regarding relationships, films, food, on a daily basis and also they acquire additional information through their external surroundings and medium (East, Hamond and Wright, 2007). Janda, et al. (2002) proposed that the information availability is one of the influential dimensions and superiority of online services. e-wom as a form of mass media become more appealing channel for advertisers and marketers, it is one of the widest and the most important tool for consumers and it can influence where to shop, what to buy and how to evaluate certain products and also can affect the expectations, awareness, perceptions and attitudes of consumers (del, et al. 2001). E-word-of-mouth communication is sharing of ideas, information, advice between the sender and receiver about brands, products or services, rather than verbal face-to face communication Stokes and Lomax (2002). Additionally, a negative Campaign can induce negative e-wom and increases the perceived risk, which may damages a brand's reputation and also influences the consumers in restricting their purchase of a product or services (Hoyer and MacInnis, 1997). Perceived risk weaken the desire of the consumers to purchase the goods over the internet (Barnes, et al. 2007). Pires, et al. (2004) confirmed that consumers are less willing to make a purchase online, because of high associated with the information content, inaccessibility of products and its quality, new payment methods and delivery options. (Klein, 1998) suggested that consumers usually prefer to use of electronic retailing for Purchase of products that do not necessitate any physical inspection. Repurchase intention is mainly affected by satisfaction attained through the previous shopping experience (Devaraj, et al. 2002). Sun, et al. (2016) attracting aspects like quality, design, and price and accountability, which increase the positive perception towards the brands and in turn result in repurchase intention among consumers

## 3. RESEARCH METHODOLOGY

To attain enhanced respond to the research issue, a correct research design is to be enclosed (Cooper & Schindler 2001; Davis & Cosenza 1988). Descriptive research design has been assumed for the current study. It is planned to obtain the descriptive information and offered information and formulation of extra complicated studies.

### Framework of the Study

This framework of the study is unique in introducing the independent variables such as website image and website involvement. The variable consumer perception was considered as mediator variable. Repurchase intention was considered as an outcome variable.

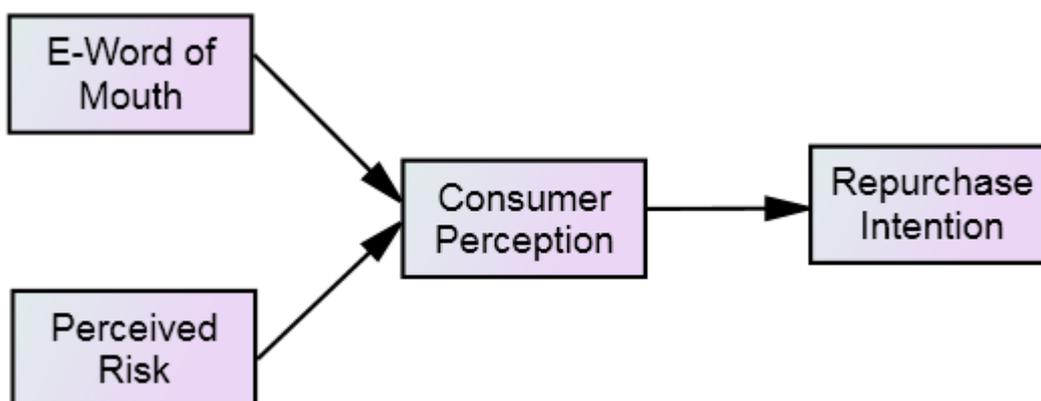


Figure 1: Conceptual Framework

### Objective of the Study

- To study the influence of e-word of mouth and perceived risk on consumer perception towards e-tailing in Cuddalore district.
- To study the influence of consumer perception on repurchases intention towards e-tailing in Cuddalore district.

**Hypotheses of the Study**

- There is no influence of e-word of mouth and perceived risk on consumer perception towards etailing in Cuddalore district.
- There is no influence of consumer perception on repurchase intention towards etailing in Cuddalore district.

**Sampling Technique**

Purposive or non-probability sampling technique was adopted for the study, based on the objective and nature of population. It requires less effort to collect the data (Srivastava, 2008).

**Questionnaire Construction**

Standard tools were used for primary data collection (e-word of mouth and perceived risk, consumer perception and repurchase intention) through survey instrument.

**Data Collection**

The survey was conducted using questionnaire with 5 point scale in Cuddalore district, Tamil Nadu. The sample size of the study is 100.

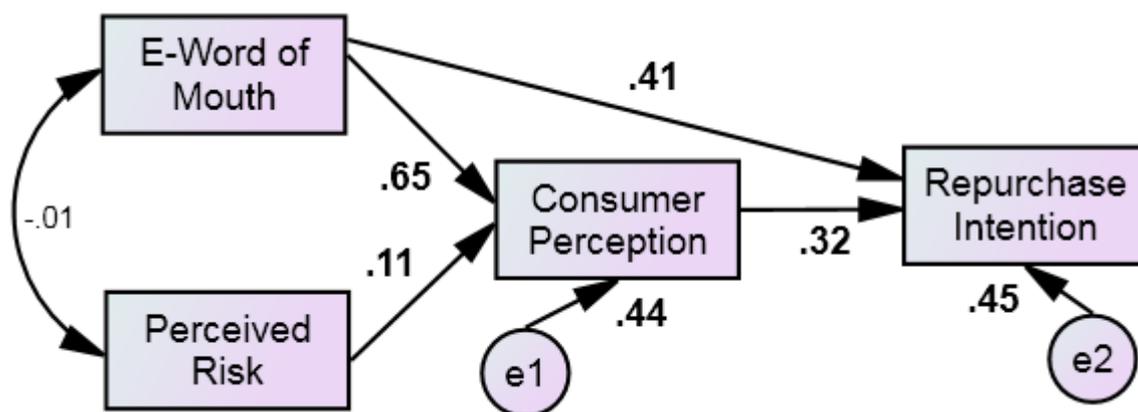
**Reliability**

For all the items in the questionnaire design the alpha was 0.82 to 92. This indicates high reliability of the items in the questionnaire. With these results the consistency, dependability and adoptability are confirmed.

**Statistical Tool Used**

Path analysis was adopted in this study. It is used to know the correlation and regression of independent variables with respect to consumer perception. Likewise the independent variables were e-word of mouth and perceived risk. The variable consumer perception was considered as mediator variable. Repurchase intention was considered as an outcome variable.

**4. ANALYSIS AND INTERPRETATION**



**Table 1: shows Model Fit Indication**

Indicators	Observed Values	Recommended Values (Premapriya, et al. 2016)
Chi-Square	0.034	---
p	0.998	Greater than 0.050
GFI	1.000	Greater than 0.90
AGFI	0.988	Greater than 0.90
CFI	0.999	Greater than 0.90
NFI	0.998	Greater than 0.90
RMSEA	0.000	Less than 0.080

Source: Primary data

The above model fit table found that the calculated chi-square value was 0.034. The p value was greater than five percent level. The Goodness of Fit Index value and Adjusted Goodness of Fit Index values were greater than 0.90. The calculated Comparative Fit Index and Normed Fit Index values were greater than 0.90. It was found that Root Mean Square Error of Approximation value was less than 0.08. The above indicators indicate that it was perfectly fit (Velaudham & Baskar, 2016).

**Table 2: Regression Weights**

DV		IV	Estimate	S.E.	C.R.	Beta	p
Consumer Perception	<---	E-Word of Mouth	0.409	0.061	6.709	0.654	0.001
Consumer Perception	<---	Perceived Risk	0.094	0.083	1.133	0.111	0.257
Repurchase Intention	<---	Consumer Perception	0.495	0.195	2.540	0.324	0.011
Repurchase Intention	<---	E-Word of Mouth	0.393	0.122	3.221	0.411	0.001

Source: Primary Data

**H<sub>0</sub>:** E-word of mouth do not influence by consumer perception.

**H<sub>A</sub>:** E-word of mouth influence by consumer perception.

Through the path analysis, regression weight as the value of CR was 6.709. The Beta value was 0.654 which indicates that 65.4 percent of influence was through e-word of mouth towards consumer perception. The p value was 0.01; here the p value was less than 1% and the hypothesis was rejected; hence, it can be concluded that the e-word of mouth positively influences consumer perception towards e-tailing in Cuddalore district.

**H<sub>0</sub>:** Perceived risk do not influence by consumer perception.

**H<sub>A</sub>:** Perceived risk influence by consumer perception.

Through the path analysis, regression weight as the value of CR was 1.133. The Beta value was 0.111 which indicates that 11.1 percent of influence was through perceived risk towards consumer perception. The p value was 0.257; here the p value was greater than 5% and the hypothesis was accepted; hence, it can be concluded that the perceived risk does not influences consumer perception towards e-tailing in Cuddalore district.

**H<sub>0</sub>:** E-word of mouth do not influence by repurchase intention.

**H<sub>A</sub>:** E-word of mouth influence by repurchases intention.

Through the path analysis, regression weight as the value of CR was 3.221. The Beta value was 0.411 which indicates that 41.1 percent of influence was through e-word of mouth towards repurchase intention. The p value was 0.01; here the p value was less than 1% and the hypothesis was rejected; hence, it can be concluded that the e-word of mouth positively influences repurchase intention towards e-tailing in Cuddalore district.

**H<sub>0</sub>:** Consumer perception does not influence by repurchases intention.

**H<sub>A</sub>:** Consumer perception influence by repurchases intention.

Through the path analysis, regression weight as the value of CR was 2.540. The Beta value was 0.324 which indicates that 32.4 percent of influence was through consumer perception towards repurchase intention. The p value was 0.011; here the p value was less than 5% and the hypothesis was rejected; hence, it can be concluded that the consumer perception positively influences repurchase intention towards e-tailing in Cuddalore district.

## 5. FINDINGS, RECOMMENDATIONS AND CONCLUSION

### Findings

- Path analysis found that there is influence of e-word of mouth on Consumer perception towards e-tailing.
- It is also found that there is no influence of e perceived risk on Consumer perception towards e-tailing.
- The analysis found that there is influence of e-word of mouth and Consumer perception on repurchase intention towards e-tailing in Cuddalore district.

### Recommendations of the Study

- It is found that there is no influence of e perceived risk on Consumer perception towards e-tailing. Hence, it is recommended that the E-marketers should focus timely delivery to ensure competitive advantage. E-marketers should be made to minimize the risks associated with online transactions.
- It is also recommended that changing customers' perceptions about perceived risks associated with online buying, and instilling confidence and acceptance about e-tailing amongst consumers remain a challenge to marketers.

### Conclusion

The research tried to identify the impact of e-word of mouth and perceived risk on consumer perception using Path analysis and found that there is influence of e-word of mouth on Consumer perception towards e-tailing. It is also found that there is no influence of e perceived risk on Consumer perception towards e-tailing. The analysis found that there is positive influence of e-word of mouth and Consumer perception on repurchase intention towards e-tailing. Hence, it is concluded that changing customers' perceptions about perceived risks associated with online buying and instilling confidence and acceptance about e-tailing amongst consumers remain a challenge to marketers and should be averted through further research to prevent risk among consumers.

### Reference

- Barnes, S., Bauer, H., Neumann, M. & Huber, F. (2007), "Segmenting cyberspace: a customer typology for the internet. *European Journal of Marketing*, 41(1/2), 71-93.
- Cooper, D.R. & Schindler, P.S. (2001). *Business Research Methods* (7<sup>th</sup> ed). Irwin/ McGraw-Hill, Singapore.
- Davis, D., & Cosenza, R.M. (1988). *Business Research for Decision Making* (2<sup>nd</sup> ed). PWS-Kent, Boston.
- Del Rio, A. B., Vazquez, R., & Iglesias, V. (2001). The effects of brand associations on consumer response. *Journal of Consumer Marketing*, 18(5), 410-425.
- Devaraj, S.M., & Fan, R. Kohli. (2002). Antecedents of B2C channel satisfaction and preference: Validating e-commerce metrics. *Information Systems Research* 13(3):316–333.
- East, R., Hammond, K., & Wright, M. (2007). The relative incidence of positive and negative word of mouth: A multi-category study. *International Journal of Research in Marketing*, 24 (2), 175-184.
- Goldsmith, R. E. (2006). Electronic word-of-mouth, in: M. Khosrow-Pour (Ed.) *Encyclopedia of e-Commerce, e-Government and Mobile Commerce* (Hershey, PA: Idea Group Publishing), 408–412.
- Hennig-Thurau, T., Gwinner, K. P., Walsh, G. and Gremler, D. D. (2004). Electronic word-of-mouth via consumer-opinion platforms: What motivates consumers to articulate themselves on the Internet. *Journal of Interactive Marketing*, 18(1), 38–52.
- Hoyer, Wayne D. & Malcnnis, Deborah J. (1997). *Consumer Behavior. Third Edition*. New York: Houghton Mifflin Company.
- Karaca Yusuf. (2010). *Tüketici Satın Alma Karar Sürecinde Ağızdan Ağıza Pazarlama*, İstanbul: Beta Press.
- Janda, S., & Philip J. Gwinner. (2002). Consumer perceptions of internet retail service quality. *International Journal of Service Industry Management*, 13, 412–431.
- Pires, G., Stanton, J., & Eckford, A. (2004). Influences on the perceived risk of purchasing online. *Journal of Consumer Behaviour*, 4(2), 118-131.
- Premapriya, Velaudham & Baskar (2016) Nature of family influenced by consumer buying behavior: multiple group analysis approach, *Asian Journal of Research in Social Sciences and Humanities*, 6(9), 908-915.
- Srivastava, T.N. (2008). *Statistics for Management* (1<sup>st</sup> Ed.). New Delhi: Tata McGraw Hills.
- Stokes, D. & Lomax, W. (2002). Taking control of word of mouth marketing: the case of an entrepreneurial hotelier. *Journal of Small Business and Enterprise Development*, 9 (4), 349-357.
- Sun H., Kim, S. & Heo, E. J. (2016). What attracts Chinese customers to repurchase Korean cosmetics? *Advance Science and Technology Letters*, 126, 55-60.
- Velaudham & Baskar (2016) Multiple group analysis approach on family members influencing the purchase decision of air conditioner. *Annamalai Business Review*, Vol. 10(2), Jan – Jun 2016, ISSN – 0974 – 1690.
- Yang Z. Peterson., & Cai, R.T. (2003). Services quality dimensions of internet retailing: an exploratory analysis. *Journal of Services Marketing*, 17(7), 685-701.