

Role of Nudges in Transformation of Risk Into Purchase Intention in Online Shopping of Electronic Products

Binu Christeena, S. Preetha.

Abstract: *Online shopping has gained additional significance, over the years the development of internet shopping has become fashionable and trendy among the buyers. In the total retail sales, online sales reached out the higher percentage. The increase in online purchase also brings risk and the consumers preferences in sales through online shopping with lots of review by many authors'. Nudges are mediation that is made in a specific direction which helps customers to pull to make a best choose among all other alternatives and allow them to make choices in their own desired way. This paper will concentrate on the role of nudges assist buyers in conversion of risk into purchase intention in online shopping of electronic product. Statistical tools such as Correlation, Regression, ANOVA, Chi square are used to analyse the effect of nudges, and the results show the buyer influence by nudges and its swap over from the risk factor and become purchase intentions.*

Index terms: *Nudges, Online Risk, Purchase intention, Electronic Products.*

I. INTRODUCTION

E- Commerce is up-and-coming trend in Digitalized India . Technology growth in mobile and internet access, offers and discounts, highly developed shipping and payment options, are beneficial demographics practice guiding in the development of e-commerce. Buyers are paying attention to e-commerce on the version of better value intention offered by online retailers, a number of factors that broader type of products, its higher discounts and the greater convenience etc. On a daily basis life of purchaser the course of rising incomes has lead to the expansion of time famished customers obtain the values from the quality of service.

The reasons for growth of online shopping consumers are relieved from routine task such as grocery shopping, medical shopping, used product shopping, etc. The e-commerce concern have offered suitable payment options and also introduced technological modernization and user friendly strategy to save online time and wallet usage. Customer prefers many benefits through online usages like shopping needs, online grocery stores, medical sits, household services, selling of used product, personal care

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services etc. Mostly People are using the internet websites to book travelling tickets and entertainment or movie tickets but also do placing orders for required products for their daily uses like mobile, laptop, home appliances, health care products etc. The groundwork of online shopping is a form of electronic trade where the customers openly buy goods or services from a seller over the Internet without any agent service. Easy to find required products in online is easy than looking it in the local shop. Buyers may search any needed product easily by using the searching feature of an online shopping website.

A. RISK IN E- SHOPPING

Perceived risk is defined as the degree to which a person get across uncertainty about a service or good. Online consumer's perceived risk is consider as a basic concern of decision making process during online shopping the perception of perceived risk to consumer behaviour study in order to explain fact as information looking for, brand reliability and pre-purchase concern. Risk included two main factors follows, improbability and unfavourable Consequences. It shows customer's individual belief about the chance of a negative outcome from any purchase decisions in terms of functional risk, product risk, physical risk, financial risk, social risk, psychological risk or time risk. Online shopping is a customized method to do purchase products or services occurrence in Internet. The Risks in online shopping has fake design, inferior quality , damages or delay in delivery of goods etc ., Perceived risk is also said to sway of the clients choice of trying new products or services. It is also a way which helps to the buyer to make over the decision while doing the online shopping.

B. TRUST IN ONLINE SHOPPING

The main reasons mention for slow down to accept and adopt in the day to day practices of e-commerce was lack of trust from customers, today majority of people make purchases online and lack of trust is no longer a difficulty to handle online shopping. There are many threats in online stores, risk and trust online together with privacy, character, threat etc. So, trust plays a chief role across online path but rather than an obstacle in it. The background studied about

the trust element and its impact on minds of the consumers

while doing online shopping. Trust has been positively recognized to influence online consumers' purchase intentions. Accordingly, the factors that influence the trusting viewpoint in an online environment are of considerable necessary and important to investigate work. In internet it is better and easy to create trust between buyers and sellers. Trust in online is the key factor determining the success or the failure of e-commerce businesses. Trust in an e-business is very important. Lack of trust leads to financial losses to an e-business as the organization will not be able to cause the expected revenues with lesser number of customers in hand. They will lose upon their chance to beat a deal with future customers due to the customer's fear of shopping online.

C. SWAPPING OF PURCHASE DECISION IN ONLINE

Online perceived risk and trust are an important concern in e-commerce. Online shopping is still taking into consideration a unsafe intention in bad feeling of its regular benefits. To reduce online consumers' perception of risk and to increase the possibility of purchase, e-traders involved in an online business must know about the risk volume are the fear to customers .The analysis for dimensions of consumer perceived risk in online shopping is a necessary step to know the contents and types of consumer perceived risk, which is considered to be one of the important factors that impact on consumer online shopping decision-making, and to provide e-marketers with useful information concerning their customers. Consumers increasingly seek variety, value and satisfaction through online shopping. Many studies have attempted to understand the customer assessment in online purchasing activities. The decision affects the purchasing process of the consumers when they make online shopping. Many odd aspects that is risk involved in online shopping while choosing a websites for making purchase as well as much worried about the ordered placed and its delivery of the purchased made. The effects of nudges help to make a change in buying intention of electronic product in online. Nudges plays the major role between the risk and trust in buyers purchase decision and result in the conversion or purchase intention of the electronic product in online. The need of the customer's trust in online shopping before choose electronic product in online. It is important to recognize about the factors that helps to make buying decision on purchasing electronic products through online shopping. Shopping done over the Internet directly from the retailer without an intermediary service is defined by online shopping. Risk aspect influence the buying decision and build trustworthy in online stores. The interaction is done in real time while the transaction is done electronically.

D. NUDGES

In 2008 the concept of 'nudging' has motivated a lot of discussion in academia, strategy and general community. The Concept was conceived by Cass Sunstein and Richard Thaler (2008). The term stands for guiding principle intervention that aim at influencing people's behaviour without changing their choice sets. Through the design of the choice architecture (i.e., their own decision), agents are

supposed to the particular direction, while retaining the freedom to choose. Nudges can also be used for non paternalistic purposes, such as promoting pro-environmental behaviour. Traditional economic theory says that all human beings act rationally when making purchasing decisions. In other words, we believe that people make enquiries in all other alternatives and choose that which provides the most economic benefit to them as individuals but if this was true we could be nudged. There are many studies which concentrate on the role of Nudges in online shopping. Numerous studies in psychology and behavioural sciences have shown that individuals are influenced by various psychological effects during their decision making consciously or unconsciously. Actually, decisions are highly context-dependent in the sense that they are influenced by the choice environment. The trust on heuristics and the influence of psychological effects helps in the changing customers' assessment in online purchasing. Nudges either attempt to overcome or use specific psychosomatic effects to guides individuals towards a predefined choice option.

II. LITERATUREREVIEW

Hsu Meng-Hsiang, Chuang Li-Wen, Hsu Cheng-Se, (2014)In this study we can understand about the role of trust and its background, It also denoted to identifying the four kind of trust along their exacting practice in the circumstances of an online group-buying public sale, It serves to improve the activedevelopment relating to trust-building aspects[1][3][6].

Gabriele Esposito, PenelopeHernandez, René van Bavel , José Vila(2017)Under this study the results shows the affectingcautionpost and information for the purchasing procedure and its effective in reducing the obtaining goods[2]. A relationship effect between nudges in emotional impact and nudges improve the effect of changes in purchase intention. That the nudges can be a booming policy instrument in online behavior, andemphasize how nudges can reasonably have an effect of variables.

Laroche, Yang,McDougall, & Bergeron. 2005; Masoud, (2013), The study recommend about risks when they be going to purchase online. The main aspects of risk have a most important negative pressure on the buyers in their shopping intention, the security risk contributors the consumers to avoid risk while purchasing from online.

Shaizatulaqma Kamalul Ariffin,Thenmoli Mohan,Yen-Nee Goh,(2018)The observation of this paper has the relationship among six factors of consumers perceived risk and consumers online purchase intentions. Particular, this study as examine the relationship between all risks with online purchase intention[4].

Manish Kumar (2016) in his study provides some useful insights on consumers' purchasing intention and behaviour. It has been revealed that the three key factors, i.e., price, ratings, and reviews affect the consumers' intention for online shopping.

Craig Jackson (2007) said that Nudging has the possibility to make changes in human behavior and improve safety enforcement on the decision. Nudging is just an extra tool

for safety managers to use to change behavioral actions, but

the real achievement of them will materialize when the nudge is nature[7].

Paul Rainford and Jane Tinkler (2011) found that Nudges might involve hidden reminder for alternative choice or changes in the decision to make the purchase decision on the desired matter[8].

III. OBJECTIVES

To find the reasons that influence for purchase decision in online shopping of electronic product.

To analyse the risk factors involved in online shopping of electronic product.

To study the factors that nudges the customer to purchase beyond the risk factors in online shopping of electronic product.

IV. METHODOLOGY

The study was conducted among the consumers who are engaged in Online shopping in Chennai. Convenience Sampling was adopted to choose the respondents Data was collected with structured questionnaire. Questionnaire was divided into three sub division each has 5 statements so totally 15 items with A 5 point Likert Scale was used for getting response from the respondents; with answers ranging from (1 strongly disagree to 5 strongly agree) respectively. The sample size is 200 respondents. They were asked to rate their levels of agreement pertaining to various criteria, mainly reasons for online purchase decision, option on the problem that may raised, Attraction towards the online shopping. Statistical tools such as Correlation, Regression, ANOVA, Chi square are used to analyse the data with SPSS 21.0. The result for reliability test statistics that is Cranach’s alpha was .877

V.HYPOTHESIS

H1 There is no association between Income and the factors of buying decision.

H2 There is no significant relationship between reasons that influences and buying decision.

H3 There is no significant relationship between attracting factors in online shopping and purchase intention.

VI.TOOLS USED FOR THIS STUDY

Correlation, Regeration, Anova, Chi Square

VII. RESULTS

Table 1Cronbach's Alpha Test

Reliability statistics

Cronbach's Alpha	N of Items
.877	15

INTERPRETATION: Cronbach’s Alpha value is a=.877 It is good, the questions is reliable and items are within the constant.

Table 2: correlation

Analysis among the Income and easy to make purchase, easy to make choice, guarantee free after sales.

Table: Correlations						
		Inco me	Easy to make purcha se produc t	Easy to make choic e amo ng man y produc t	Mon ey back Guar ante e	Free after sales
Inco me	Pearson Correlation	1	-0.01	-0.14	- 0.26	-0.16
	Sig. (2-tailed)		0.893	0.046	0	0.026
	N	200	200	200	200	200
Easy to make purch ase produc t	Pearson Correlation	-0.01	1	0.48	0.16	0.02
	Sig. (2-tailed)	0.893		0	0.025	0.799
	N	200	200	200	200	200
Easy to make choic e amo ng man y produc t	Pearson Correlation	-0.14	0.48	1	0.46	0.52
	Sig. (2-tailed)	0.046	0		0	0
	N	200	200	200	200	200
Mon ey back Guar ante e	Pearson Correlation	-0.26	0.16	0.46	1	0.78
	Sig. (2-tailed)	0	0.025	0		0
	N	200	200	200	200	200
Free after sales	Pearson Correlation	-0.16	0.02	0.52	0.78	1
	Sig. (2-tailed)	0.026	0.0799	0	0	
	N	200	200	200	200	200

*significant at 0.05 level

INTERPATATION: The significance level is 0.02 indicates that the relationship between Income and Easy to make purchase product is negative. The significance level 0.02 is less than 0.05 that is statistically significant negative relationship between the two variables. There is very less correlation between Income and Easy to make purchase product reasons that influences the purchase decision of online shopping.

The significance level is 0.52 indicates that the relationship between Income and Easy to make choice among many product is positive. The significance level 0.52 is more than 0.05 that is statistically significant positive relationship between the two variables. There is correlation between Income and Easy to make choice among many product reasons that influences the purchase decision of online shopping.

The significance level is 0.78 indicates that the relationship between Income and money back guarantee attractiveness towards online shopping is positive. The significance level 0.78 is more than 0.05 that is statistically significant positive relationship between the two variables. There is

correlation between Income and money back



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guaranteeattractiveness towards online shopping of online shopping.

The significance level is 1 indicates that the relationship between Income and free after sales attractiveness towards online shopping is positive. The significance level 1 is more than 0.05 that is statistically significant positive relationship between the two variables. There is correlation between Income and free after sales attractiveness towards online shopping of online shopping.

Table-3 Regression

There is no significant relationship among the income and buying decision

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.042 ^a	.002	-.003	2.42418

a. Predictors : (Constant) Income

ANOVA^a

Model		Sum Squares	df	Mean Square	F	Sig.
1	Regression	2.099	1	2.099	.357	.551 ^b
	Residual	1163.581	198	5.877		
	Total	1165.680	199			

a. Dependent Variable: risk

b. Predictors: (constant), Income

The table specify shows that the regression model predicts the dependent variable Risk. Here p,.05 and shows that overall, model significantly predicts constant Income.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.164	.524		34.691	.000
	Income	.133	.223	.042	.598	.551

a. Dependent Variable: risk

INTERPRETATION:

The value of F is 3.10, t is 7.53 and the p value is 0.00. As p=0.000<0.05, the hypothesis is accepted and there is significant relationship among the gathers easy to make choices among many products and product information to buy electronic items in online shopping.

Table 4 Chi Square Test

There is must be a significant relationship between attracting factors in online shopping and purchase intention

Chi-Square Tests

	Value	df	Asymp.Sig. (2-sided)
Pearson Chi-Square	59.590 ^a	22	.000
Like hood Ratio	65.915	22	.000
Linear-by-Linear Association	3.462	1	.063
N of Valid Cases	200		

a.22 cells (61.1%) have expected count less than 5 and the minimum expected count is .42

RESULT

The calculated value is 59.590 and its significant at this level of .063 at degrees of freedom 22.The above obtained result the significant value is greater than 0.05 so the hypothesis is accepted. There must be a significant association between the income and nudges.

INTERPATATION:

To find the independence among two categorical variables, Particularly toanalyse the frequencies of one categorical variable across thepoint of another categorical variable. Thetest helps in finding whether or not a statistically significant relationship exists between the two variables.Since the calculated chi-square value of income is 15.16 which is more than chi square table value 10.5966 and chi square value of guarantee given in online shopping is 295.00 which is more than 14.093, the underlined hypothesis is rejected, that there is a significant relationship between the guarantee given in online shopping and income.

VIII. DISCUSSION

The study shows the way on trust of buyers while doing online shopping.On the other hand, the purchase intention of consumers is subjective through the reliabilityelement of the buying decision of the online consumer. There is a large scope in the online shopping , Observing the risk reduction factors influences in the buyer aspects, and what are the performance should be develop in online stores to continue shopping habits in online shopping for the existing buyers. Two aspects help for further research.

IX. CONCLUSION:

In the growingconsequence of online shopping among the public, the main discomfort factor they facing risks during their shopping. Beyond the risk factors they trust online shopping companies. The trust grows from the risk because of nudging factors. This paper proves that people nudges by the trust factors which also overtakes the risk factors of online shopping.This was proved statistically by using tools.



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