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Perceived Risk of Online Shopping: An Online Shoppers Perspective

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ABSTRACT The negative effect that perception risks have on customers' behavioural intentions is well acknowledged in literature. This paper examines levels of online customers concern with different types of risks associated with online shopping. Data was collected from a total of 201 online shoppers from Gauteng in South Africa using a structured questionnaire. The findings show that the two most important concerns that online customers have relate to are privacy risk and source risk. Other risks concerns relate to product performance and financial risk. Delivery risk was however found not to be of major concern. The findings also show that there is negative relationship between online shoppers' levels of risk concern and frequency of online shopping. Online store managers efforts aimed at luring customers to their sites need to focus on addressing the identified risk concerns. Some recommendations on what managers can do in order to address these concerns have been highlighted in the paper.

INTRODUCTION

The advent of the internet has fast changed the way firms are conducting their business. In the retail industry, more and more businesses are now selling their products online and an increasing number of customers are shopping online. Statistics shows that the 2014 total value of online sales worldwide were estimated at US$1.3 trillion dollars (E-Marketer 2014). The global consulting firm AT Kearney (2013) estimates showed that online retail sales have been growing at an average annual rate of 17 percent since 2007. While the global statistics may mask regional differences in online sales growth, the statistics show that growth in online sales is being experienced in all the major regions of the world including Africa. Statistics for South Africa show that online retail sales are growing at an average of 30 to 35 percent per year compared to 6 percent for the traditional motor-and-brick retail stores (Mack 2013; Finlayson 2014).

The rapid growth in online sales experienced around the globe is mainly as a result of the many benefits associated with online shopping. Past studies have indicated that consumers are often attracted to online shopping by a number of factors including convenience, the need for greater product variety and lower prices (Tan et al. 2013; Ozen and Engizek 2014). In terms of convenience, online shopping allows customers to be in control of their shopping time. Customers can shop at any time of the day or night as unlike brick and motor stores, online shops have no fixed opening and closing hours. This attribute is particularly attractive to those who are hard pressed with time or have mobility problems. Online retailing makes it easy for retailers to provide a greater variety of products than is possible with physical retailing. This is because online stores do not face the same king of space limitations that physical stores face. It also makes it easy for customers to compare offerings by different stores including prices. Studies show that online shopping benefits can be categorised into two main groups, namely, functional benefits and emotional/social benefits (Forsythe et al. 2006; Chiu et al. 2014). Functional benefits include the ease with which customers are able to search for information and buy products. Online shopping allows customers to be able to access more information about the products they want to buy as well as information about the retailer. More information is available than one can hope to get from a sales assistant in a physical shop. Emotional/social benefits include the sense of enjoyment that customers feel when they navigate online stores and the connection they may feel with other customers of a store or users of a product through online customer community platforms.

While online shopping is associated with many benefits, it is also often associated with higher levels of risk than is the case with shopping at physical stores (Chiu et al. 2011; Hsieh and Tsao 2014). A number of studies including

Featherman et al. (2010) as well as Ahmed et al. (2013) found that online shopping risk plays an important role in influencing non-online shoppers' willingness to engage in online shopping. Xu et al. (2010) found that before buying from an online seller online shoppers carry out a risk assessment of some sort. Zimmer et al. (2010) pointed out that perceived risk influences online customers' attitude towards disclosure of personal information. Sometimes customers use pseudo names and avoid providing detailed background information about themselves.

The concept of perceived risk is widely discussed in marketing literature. Bauer (1967) described it as a combination of uncertainty and seriousness of outcome involved. It relates to the possible negative consequences associated with a decision or behaviour. According to Forsythe et al. (2006) as well as Clemes et al. (2014), customers' expectations of loss connected with purchase acts as an inhibitor to their behaviour. Consumer's perception of online shopping risk is thus of special interest to online retailers as it has the potential to negatively impact on customers purchasing behaviour (Nepomuceno et al. 2014). This paper aims at examining the important dimensions of risk associated with online shopping from online shoppers' perspective.

Research Problem

While statistics on online shopping in South Africa show impressive average annual growth rate of 30 to 35 percent, online sales make up no more than 1 percent of total retail sales (Maake and Shevel, 2013; Mhlanga 2014). One possible cost effective way in which businesses can grow their sales and profits is by encouraging existing customers to buy more. Researchers argue that the cost of maintaining existing customers is often more than double the cost of recruiting new customers (Beitelspacher et al. 2011). This necessitates the need for online retailers to find ways of not only getting new customers but also growing sales from existing customers.

Online shopping being a relatively new phenomenon is South Africa, not many studies have been conducted to help online retailers better understand factors that are likely to have an impact on their success. This paper aims at contributing to addressing this need by investigating online customers' risk perceptions.

Objectives of the Paper

The specific objectives of the paper are to (i) examine online customers' levels of perceived risk associated with online shopping, (ii) investigate if there are significant differences in levels of perceived risk associated with the different dimensions of risk and (iii) examine if there is a significant relationship between online shopping frequency and online customers' risk perceptions and to (iv) discuss the managerial implications of the findings.

The remainder of the paper is structured as follows: the next section provides a review of literature relating to risk including theories that help understand how risk perception influences customer behaviour. This is followed by the methodology and sections looking at results and discussion, and the managerial implications of the findings respectively. Thereafter conclusions drawn from the research, limitations and recommendations for future research are provided.

Literature Review

Featherman and Pavlou (2002) identified distinct emotional states associated with risk perceptions that commonly accompany information systems adoption decisions. Some of these include feelings of concern; uncertainty, anxiety; as well as conflict that is aroused in the consumers mind. Soopramanien (2011) noted that decisions relating to use of information systems including online shopping often result in feelings of inner conflict because they come with high levels of utility yet the risks can simultaneously be great. With online shopping, the customer is likely to find the potential for increased shopping efficiency and cost savings to be highly compelling. At the same time security concerns including the real possibility of financial loss that can result for example from web site hackers' activities may present a strong deterrent to engaging in the behaviour. This paper argues that the pros and con associated with the online shopping do not only influence the decision to engage in this behaviour but also on how to do engage in the behaviour. This argument is consistent with the Theory of Regulatory Focus proposed by Higgings (1997). This is one the theories that explains human behaviour in situations involving significant benefits and costs. Higgins noted that in trying to explain behaviour, many behavioural psychologists rely on the hedonic theory which states that people are motivated to approach pleasure and avoid pain. The hedonic theory has been widely used by researchers to understand human behaviour in a variety of contexts to help predict and/or explain approach or avoidance. In online shopping for example the hedonic principle has been used to explain why some people adopt online shopping while others do not. For example, studies by Huang et al. (2004) as well as Yeniçeri and Akin (2013) found that non-online shoppers associate online shopping with much higher levels of risk than online shoppers. Saprikis et al. (2010) reported findings that show that non online shoppers perceive fewer benefits to online shopping than online shoppers. While such findings are in line with the hedonic principle, the question one would ask is how much risk do online shoppers associate online shopping with. If they also associated online shopping with significant amounts of risk what makes them still shop online. Higgins (1997) noted that it is questionable that people's entire psychical activities are controlled by hedonic principle. He stated that the problem is not with the hedonic principle per say but the fact that most researchers discuss the hedonic principle from a unitary perspective which he argued was wrong.

In the Theory of Regulatory Focus Higgins argues that 'people approach pleasure and avoid pain in substantially different ways that have major consequences (Higgings 1997). The theory argues that different types of desired end-states relate to different means of approach. In other words one will not automatically go for avoidance just because there is a pain associated with a particular behaviour but may rather find ways of gaining the benefits while taking steps to minimise the risks. In their online shopping studies Kim (2010) as well as Bandyopadhyay (2013) found that online shoppers often take precautions to help them avoid risks associated with online shopping. They outlined some of the precautions including non-disclosure of highly personal details, limiting their store choices based on perceived risks attached to dealing with different stores and limiting frequency and amount of spending online.

The Different Facets of Perceived Risk

A review of literature shows that there are two main ways in which researchers examine the concept of perceived risk. These are at the global or overall levels and at the dimensional level. Overall risk perception is measured by asking respondents questions that relate to their levels of concern or feelings of uncertainty in general. At the dimensional level, perceived risk is measured by looking at the different possible kinds of loss or uncertainties that people can experience. Different researchers have identified a number of dimensions of perceived risks. Customers' perceived risks can be identified by looking at the possible losses that customers can suffer at the different stages of the buying process (Zhang et al. 2012). Some of the commonly cited dimensions of risks associated with online shopping include source risk, financial risk, delivery risk and privacy risk. The section below looks at each of the risks in detail.

Source Risk

Many online retailers do not have physical stores. The lack of physical contact between a buyer and seller can create uncertainties on the part of the buyer as to whether the retailer actually exists and/or can be trusted. In a study looking at mail order catalogue McCorkle (1990) defined perceived source risk as concern over whether or not the prospective customer can trust the cataloguer and feel comfortable in doing business with them. Drawing from McCorkle's definition Lim (2003) defined source risk as 'the possibility that individuals suffer because the business from which they buy products are not trustworthy' (p. 219). Zheng et al. (2012) commented that customers often face difficulties in ascertaining the reliability and reputation of online retailers. Kim et al. (2013) reported on the importance of reputation of the seller, noting that it plays a significant role in reducing customers' perceptions regarding risk associated with dealing with specific sellers. Customers perceive as risky sellers who are perceived to lack believability (Eastlick and Lotz 2011; Bhandari and Kaushal 2013). Blazevic et al. (2013) found that sometimes customers rely on other customers' review comments to assess the reliability of unfamiliar online retailers. If generally positive, review comments can help reduce customers' perceptions relating to source risk. Where a customer has dealt with a seller before, the quality of their past experience can play a significant role in influencing their levels of perception risks. In general satisfactory past dealings can also help reduce customers' risk associated with dealing with a specific retailer.

Financial Risk

Customers' perceived financial risk refers to the possibility of monetary loss resulting from a buying situation (Horton 1976). The monetary loss can be as a result of many factors including the possibility that a product bought may be found not worth the price paid for. The fact that a customer is not able to physically inspect a product before buying it increases their vulnerability of paying a high price for a product that may be found to be below expectations. Being able to return a product if found to be unsatisfactory may be of little consolation in mitigating monetary risk. This is because the cost of returning a product can add to the financial burden that online customers often have to bear. Financial risk in online shopping includes the likelihood that products may not be delivered even after paying for them and escalation to total costs due to additional hidden costs associated with taking ownership of a product as well as the potential loss due to the possibility that one's credit card information may be misused (Zeitler 2010; Suresh and Shashikala 2011; Harbach et al. 2014). In his study Masoud (2013) found that financial risk had the strongest influence among the different types of risks investigated on online shopping decisions.

Product Performance Risk

Grewal et al. (1994) defined performance risk as 'the possibility that a product will not function as expected and /or will not provide the desired benefits'. Online customers are expected to rely on product information and pictures provided by retailers to help them make buying decisions. Kuo and Chen (2011) found that online customers consider clearness of pictures presented online to be important in satisfying the online shopping needs. Technical issues relating to web presentation of pictures may make it difficult for retailers to always be in a position to provide pictures that look exactly the same as the real product. There are often problems with colour and texture presentation of pictures online. The result is that the customer may feel that the product received does not match what was ordered. Sometimes the performance risk can be as a result of retailers not providing detailed and accurate description of products. Product information provided online can be helpful in building a proper product image in the mind of the customer (Xing et al. 2011; Zheng et al. 2012). In general the fact that a product online cannot be touched and felt or tried necessitates the need for retailers to find effective ways of imparting an accurate product image. Ofek et al. (2011) found that mismatch between customers' expectations regarding products ordered online and what is delivered is one of the main reasons for returns in online retaining.

Delivery Risk

Delivery risk is associated with the uncertainties that customers have relating to when and the condition in which the products arrive. Delivery risk is linked with reliability in order fulfilment. Masoud (2013) found that uncertainties relating to on-time arrival of products pose significant influence on customers' decision to place an online order or not. As for condition of products on delivery, Zheng et al. (2012) noted that customers are interested in assurances that products will arrive in a condition that makes them fit for purpose. Proper packaging and handling of merchandise is essential in this regard. Customers may also want assurances on who will be held responsible if products arrive damaged as this has costs implications. Such products may need to be returned and/or exchanged for other products and customers get concerned with costs that they may have to incur in facilitating this. Sometimes online retailers rely on third parties to help with delivery of products. In such cases, proper coordination of the different parties involved is essential in ensuring that customers are not exposed to unnecessary delivery related risks (Xing et al. 2011).

Privacy Risk

Online shopping privacy risk relates to the uncertainty customers have with regard to who and how their personal information gets handled (Featherman et al. 2010; Tsai et al. 2011). Online shopping allows retailers to easily collect a lot of information about their customers including information on their buying habits. Equipped with such information there is always a possibility that retailers may attempt to use and distribute the information in ways that may jeopardise the privacy of their customers. Advancements in internet capabilities are making it easy for online retailers to install tracking software that enables them to follow web-browsing activities to people that visit their sites. Online retailers normally store collected customer information on their data bases. In order to provide assurance regarding customers' privacy concerns, online retailers often come up with privacy policies that spell out among other things how customers' personal information is handled by the company. Such policies are often posted on retailers' websites where customers are able to read for themselves. A study by Papacharissi and Fernback (2005) however found that privacy policy statements posted on websites are sometimes not very effective in allaying customers' privacy concerns. He noted that one of the reasons for this is that such statements are often written by lawyers and make use of language that is not easily understandable to ordinary customers. Another area that is looked at to ensure customer privacy is the security of the system, in particular ensuring that unauthorised access to information by both internal and external parties is curtailed. Malhotra and Malhotra (2011) noted that reports abound of increasing incidences of customer information breaches and that this is not limited to small business organisations but affects big business organisations as well.

RESEARCH METHODOLOGY

A descriptive research design was used to achieve the objectives of this study. This entailed collection of quantitative data from targeted respondents. The target population for the study were individual customers from Gauteng who shop online. Since there was no readily available list of online shoppers from Gauteng, non-probability sampling technique in the form of quota sampling was used to select respondents. The main reason for using quota sampling was the need to make sure that both male and female customers were well represented in the sample. Trained research assistants were used to help with the data collection. Training of the research assistants covered a variety of issues including advice on of how to approach prospective respondents, how to screen them for eligibility and request them to complete the questionnaire as well as issues of ethics in data collection.

A self-filling structured questionnaire was used to collect the data. The research assistants were present during the time that the respondents were filling the questionnaire ready to address any questions respondents may have relating to the questions and the research in general. A five point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree was used to measure the extent to which respondents regarded the various risk items to be of concern to them when they shop online. Previous studies were used to identify items that measure the different types of online shopping risk of interest in the paper. Specifically, items used to measure source risk were adapted from Hassan et al. (2006); items used to measure financial risk as well as product performance risk were adapted from Suresh and Shashikala (2011) and Masoud (2013) while items used to measure delivery risk were adapted from Zhang et al. (2012) and Masoud (2013). Items used to measure privacy risk were adapted from Zhang et al. (2012).

At the end of the data collection phase a total of 201 usable responses were received. 98 of the respondents were male while 103 were female representing 49 and 51 percent of the respondents respectively. A total of 84 respondents were between the ages of 18 and 34, 94 were between 35 and 49 while 23 were 50 and above. In percentages this represents 41.8 percent, 46.8 percent and 11.4 percent of the sample respectively. Version 22 of Statistical Package for Social Science (SPSS) was used to analyse the data collected. All the scales were first tested for reliability before being used in further analysis. This was done by examining the Cronbach alpha coefficients. According to Hair et al. (2010) alpha coefficients of 0.7 and above indicate high levels of scale reliability. The results of the reliability analysis as presented in Table 1 show that all the scales were highly reliable. The alpha coefficients for the scales ranged from .821 to .924. Descriptive statistics means and standard deviation in particular, paired sample t –

Table 1: Scale reliability analysis

Online shopping risk	*Number of items*	*Cronbach alpha coefficient*
Source risk	3	.918
Financial risk	3	.841
Product performance risk	3	.783
Delivery risk	3	.821
Privacy risk	3	.924

test and spearman rank correlation were the main statistical tools used to analyse the data.

RESULTS AND DISCUSSION

Table 2 presents findings relating to levels of perceived online shopping risk by online shoppers. In general the findings show that the fact that an individual shops online does not mean that they have no risk concerns. This is evidenced by the low percentages of respondents who either strongly disagreed or disagreed with the fact that they do get concerned with the different sources of online shopping risk investigated as compared to those that agreed or strongly agreed. It is also evidenced by the overall risk mean value of 3.54 which shows that overall online customers agreed to have risks concerns when shopping online.

Online shopping risks of major concern were those related to privacy and source. These two dimensions had on average the highest numbers of respondents who indicated that they agreed or strongly agreed to getting concerned with risk items that fall under them. The importance of these two major sources of risk concern is further evidenced by the high mean values associated with each dimension. The overall mean score for privacy risk was found to be 3.67 while that of source risk was found to be 3.63. Under privacy risk the concern item with the highest percentage of respondents who agreed or strongly agreed was the one related to the possibility that personal information could be accessed by unauthorised users (61.2 %). This finding is consistent with assertions by Kim (2010) as well as Hsieh and Tsao (2014) that the online environment is inherently prone to at-

Table 2: Level of perceived online shopping risk

Type of risk	*Concerns with/that….*	*Strongly disagree/ Disagree (%)*	*Neither agree nor disagree (%)*	*Strongly disagree/ Disagree (%)*	*Mean*	*Std. dev.*
Source Risk					**3.63**	**.89**
	Ascertaining the reliability and expertise of online retailers	14.4	29.9	55.7	**3.54**	.97
	Ascertaining the reputation of online retailers	13.9	23.4	62.7	3.64	.97
	Ascertaining the real existence of online retailers	13.9	22.4	63.7	3.71	.95
Financial Risk					**3.53**	**.95**
	The ultimate price of the product because there might be hidden costs	13.4	23.4	63.2	3.69	1.01
	Difficulties in getting back money if need be	22.9	29.4	47.7	3.38	1.15
	Extra fees associated with online payment	18.9	29.9	51.2	3.48	1.10
Product Performance Risk					**3.52**	**.94**
	Quality of the delivered product may not live up to expectationsProduct delivered may not be exactly as it appeared online	19.9	17.9	62.2	3.60	1.11
	Difficulties in feeling and experiencing the product	16.9	24.9	58.2	3.62	1.11
	prior to purchase	20.9	33.3	45.8	3.34	1.16
Delivery Risk					**3.36**	**.96**
	Products will not be delivered on time	21.9	29.4	48.7	3.39	1.12
	I would have to spend much time if I want to return online merchandise	20.9	26.4	52.7	3.40	1.06
	Products will be delivered defective and therefore not fit for purpose	26.4	23.4	50.2	3.27	1.18
Privacy Risk					**3.67**	**.99**
	Personal information may be passed on to others without my consent	17.9	21.4	60.7	3.64	1.12
	Personal Information may be used for other unintended purposes	12.9	26.9	60.2	3.69	1.01
	Personal information could be accessed by unauthorised users	13.9	24.9	61.2	3.68	1.05
Overall Risk					**3.54**	**.78**

tacks. Reports shows that cyber attackers are becoming increasingly sophisticated in their work such that sometimes even companies that would be considered to have adequate resources to ensure safe online transactions for their customers have fallen victim (Malhotra and Malhotra 2011). The other concerns under privacy, in order of level of percentage of people agreeing or strongly agreeing to being concerned with them, included the fact that personal information may be passed on to others without an individual's consent and that personal information may be used for other unintended purposes.

Under source risk most people indicated that ascertaining the real existence of an online retailer is of concern to them (63.7 %). This was closely followed by concerns relating to ascertaining the reputation of retailer. Respondents who agreed or strongly agreed to being concerned with this when they shop on line were 62.7 percent. McCorkle (1990) and Nepomuceno et al. (2014) observed that potential customers are often reluctant to deal with unknown sellers as they associated these with very high levels of risk. Research shows that online retailers who have known offline stores or physical pick up point are often perceived to be less risky to deal with than those who are new and purely online (Zheng et al. 2012).

Product performance related risk and financial risk were according to findings in Table 2 also found to be important. The overall mean values for these risks were around the 3.5 mark on the five point scale used. With regard to financial risk, 63.2 percent of respondents indicated that they get concerned about the ultimate price of the product due the possibility of hidden costs. This was followed by concerns relating to extra fees that retailers charge on online payments (51.2 %). Often times online retailers indicate the sale price of a product but may not be specific with additional costs such as value added tax and transaction processing fees. Suresh and Shashikala (2011) as well as Harbach et al. (2014) noted that hidden costs may add significantly to cost of ownership. On product performance, issues of highest concern were found to be related to the delivered product not living up to expectations and/or not being exactly the same as it appeared online. This, points to the need for online retailers to provide customers with accurate description of the products being sold so as to give the right picture in the mind of the customer.

The findings in Table 2 show that delivery risk had the lowest mean value of all the other major sources of risk. While this is so, it is important to note that close to half or more of the respondents indicated that they get concerned with delivery related problems. A total of 52.7 percent of the respondents indicated that they get concerned with the demands on their time in case they need to return merchandise while 50.2 percent indicated that they get concerned that products could be delivered defective and not fit for purpose. Only 20.9 percent and 26.4 percent respectively strongly disagreed/disagreed

Table 3: Paired sample t –test

Pair	*Types of risk*	*Means*	*Standard deviation*	*t*	*df*	*Sig.*
1	*Social —— Financial*	3.63 3.53	.89 .95	1.87	200	.064
2	*Social —— Product Performance*	3.63 3.52	.89 .94	2.05	200	.041
3	*Social —— Delivery*	3.63 3.36	.89 .96	4.98	200	.000
4	*Social — Privacy*	3.63 3.67	.89 .99	-.69	200	.491
5	*Financial — Product Performance*	3.53 3.52	.95 .94	-.060	200	.952
6	*Financial — Delivery*	3.53 3.36	.95 .96	2.67	200	.008
7	*Financial — Privacy*	3.53 3.67	.95 .99	-2.61	200	.010
8	*Product Performance — Delivery*	3.52 3.36	.94 .96	3.41	200	.001
9	*Product Performance — Privacy*	3.52 3.67	.94 .99	-2.54	200	.012
10	*Delivery —— Privacy*	3.36 3.67	.96 .99	-5.08	200	.000

that they have such concerns. A total of 48.7 percent of the respondents indicated that they get concerned that products will not arrive in time with only 21.9 percent indicating that they have no such a concern. The results provide support for Masoud (2013) and Shukla (2014) findings that show that many customers worry about order fulfilment issues when they consider online shopping.

After investigating the levels of perceived risk, a paired sample t-test was run in order to investigate if the differences in levels of concern that online shoppers have when shopping online are statistically significant. The results of the analysis are presented in Table 3. The results show that customers' levels of concern with risks associated with social and privacy related risk were not statistically significant. Since privacy and social risk had the highest overall mean values of the five risk dimensions investigated, it can safely be said that customers regard risks associated with the two dimensions to be more important. The results show no statistically significant differences in the levels of concern that customers have in relation to financial risk as compared to product performance risk (p = .234). The differences in means of these two risks were however found to be statistically significant from the mean for delivery. These results show that financial and product performance related risks investigated in this paper were of higher level of concern to online customers than delivery related concerns.

The paper also aimed at investigating if there is a relationship between level of perceived risk and frequency of online shopping. In order to achieve this objective, Spearman's rank correlation analysis was run and the results are presented in Table 4. The results show that overall there is a significant negative relationship between frequency of online shopping and levels of concerns with online shopping risk. Significant negative relationship were found between frequency of online shopping and source risk, financial risk, product performance risk as well as privacy risk. The negative correlation value in each of these cases shows that those who shop online less frequently are the ones to have high levels of concerns regarding the different risks associated with online shopping. The results also show that although the relationship between delivery risk and frequency of online shopping was found to be negative, the relationship was not statistically significant.

CONCLUSION

A lot of studies that investigate online shopping risk do so from the perspective of explaining its influence on the decision to adopt online shopping. Based on the Theory of Regulatory Focus which argues that people approach pleasure and avoid pain not only means deciding on 'doing' or not 'doing' but also looking at different types of approach, this paper investigated risk concerns by customers that have

Table 4: Correlation analysis - Online shopping risk and frequency of online shopping

		Frequency of online shopping
Source Risk	Spearman's rho Correlation Coefficient	-.165*
	Sig. (1-tailed)	.009
	N	201
Financial Risk	Spearman's rho Correlation Coefficient	-.152*
	Sig. (1-tailed)	.016
	N	201
Product Performance Risk	Spearman's rho Correlation Coefficient	-.122*
	Sig. (1-tailed)	.042
	N	201
Delivery Risk	Spearman's rho Correlation Coefficient	-.079
	Sig. (1-tailed)	.133
	N	201
Privacy Risk	Spearman's rho Correlation Coefficient	-.173*
	Sig. (1-tailed)	.007
	N	201
Overall Risk	Spearman's rho Correlation Coefficient	-.163*
	Sig. (1-tailed)	.010
	N	201

*. Correlation is significant at the 0.05 level (1-tailed)

already adopted online shopping. From the findings it can be concluded that the fact that a customer has adopted online shopping does not mean that they do not have risk concerns. The percentage of respondents who indicated to have risk concerns in this study was in higher than those who indicated not to have risk concerns. Actually the concerned group was for all except one risk item at least double in size than the group that indicated that they were not concerned.

From the findings it can also be concluded that while many online customers perceive online shopping to be associated with different risks, the levels of perceived risks were in general not extremely high. This is evidenced by the fact that none of the mean values for the 5 dimensions and many items of risks investigated was greater than 4. On the dimensions of risk, it can be concluded from the findings that online customers' main risk concerns are privacy, source , that is, knowledge of the online retailer, financial and product performance related risk. While it cannot be said that delivery risk was not of concern to online shoppers we can also conclude that it was not of high concern as evidenced by an overall mean value that is in the neutral range. The findings further shows that online customers' level of concern on source risk is not significantly different from their concerns with privacy risk. Source risk and privacy risk were however of significantly higher concern than product performance and delivery risk. The findings also show that there is a negative relationship between frequency of online shopping and level of risk concerns when shopping online. It can thus be concluded that online customers who are not regular shoppers online do experience higher levels of risk concerns when shopping online than those that frequently do so.

RECOMMENDATIONS

The findings in this paper have wide managerial implications on online retailing in South Africa. Past studies have shown that risk does influence store choice. While it is not possible for online store managers to work on reducing risk perceptions associated with online shopping in general, it is in their interest to find ways in which they can minimise levels of perceived risk customers will have in relation to their own online stores. This study shows that of high concern to customers are risks relating to privacy and source. With regard to privacy it is recommended that managers approach the issue both from the perspective of ethics and security. From the ethics perspective, managers need to establish and clearly communicate to staff and customers what they consider to be acceptable and unacceptable conduct when dealing with customers' personal information. Development of clear policies on how customers' information will be handled by the retailer and the communication of this both internally and externally can assist in providing assurance to customers and preventing breaches of the policy by employees due to lack of knowledge. From the security perspective, managers of online stores need to realise that security breaches into their customers' databases can result in loss of important customer information including their financial details. Managers can mitigate this by taking measures aimed at securing their systems. Such measures should include making use of advanced information systems related security technologies including advanced encryption and authentication measures. Online managers need to engage with companies working in information systems security for expert knowledge and advice on these matters.

Customer concerns relating to source risk point to the need for online managers to find ways of convincing customers that their's is a real store that can be relied upon to provide customers with a good online shopping experience. It is important to note that of the 15 individual risk items investigated, ascertainng the real existence of online retailers had the highest mean value. This means that it was an issue of highest concern to online shoppers. Managers need to realise that the implication of this is that customers can be weary of buying from online retailers they are not familiar with. With online retailing being a new phenomenon in South Africa, it is the online retailers' interest to attract as many buyers as possible to their stores so as to ensure the viability of their online stores. This necessitates the need for managers to find ways of providing assurance to customers that they are a real store and that they are a reliable and reputable store. Some of the measures that managers of online stores can take to provide such assurances include the need to put their contact details including physical address, telephone and fax numbers as well as e-mail addresses on their websites. This information will give online customers an opportunity to get in contact with a real person in case of the need to do so. Online managers need to also consider setting up a customer reviews page on their website where customers who have dealt with the retailer before can post comments regarding their experiences. Comments coming from other customers can go a long way in providing assurance to new customers in terms of what to expect of a retailer.

Customers' concerns relating to product performance related risk and financial risk need to be also taken seriously by online store managers as well. Managers need to make sure that they provide as much detailed information about the products for sale on their sites as possible so as to enable a customer make informed choices. In terms of financial risk it is important for online stores to provide customers with enough information relating to the total cost of ownership of a product. It is often in the customers' interest to know how much they will be charged in delivery costs and if there are any other charges associated with placing and processing of orders made online. Online stores need to also ensure that customers are well informed of their store product return policies and that they are provided with a hassle free experience, in line with their store policies, when they need to return products.

While delivery risk was found to be of low concern to online customers, the importance of reliability in online retailing should never be underestimated by online managers. It should be borne in mind that respondents indicated that they had higher levels of concerns regarding ascertaining the reliability and reputation of online retailers. The low levels of concern found in this study could be as a result of respondents not having had many bad experiences with regards to delivery.

LIMITATIONS

While the findings in this paper have wide implication on the management of online retail stores, the study is not without limitations. The first limitation related to the fact that the sample consisted of respondents from Gauteng only which is the most urbanised province in the country and the economic hub of South Africa. The sample was also drawn using non-probability sampling method. The findings in the paper may thus not be generalised to the wider South African population. The second limitation relates to the fact that the study did not empirically ascertain the relationship that is there between online customers' level of risk concerns and their future behavioural intentions relating to online shopping. Researchers can take these limitations into account when planning similar studies in future. Notwithstanding these limitations the present study contributes to a better understanding of online shoppers particularly issues of risk concerns when they shop online.

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