

Everyone's Smart University

Project (Spring 2021)

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Project Risk Management (An online shopping)

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1. Introduction

Risk management is the process of analysis, response, and identification of the different factors of risk that founded and part of the online shopping business. Effective risk management is generally referred to attempt that can control as possible for future outcomes to react proactively instead of reactively. Risk management is therefore deals to reduce the chances of risk that ware occurred and its possible effects. Online shopping directly gives a treat to traditional shopping channels, e.g. retail stores. Through the internet system, many products are services are available to consumers all over the world. Many people can buy or sell it anytime, anywhere through the online shopping process. The internet system need to understand better the prediction of consumers through online shopping behavior to order to support and design the retail websites to provide the choice of their selected market. The previous study shows that what motives customers to shop online can make strategy, marketing decisions, and technology. The significant increase in growth and the future for online shopping create a negative aspect also become and more frequently links the alternative shopping method. The online environment instead of physical one, less trust and greater are more probable to the major difficulty by evaluating the products or services because there are not tangible or visual indications of the quality of goods and services, and not to face to face communication with the staff in the sales and purchase are mostly affected due to privacy and security problems (Cook, 2009). Many feel the degree of risk when they want to purchase the internet procedure. Most of the identified factors contributing to or influencing online shopping behavior and attitudes. Through this research, we can discuss different types of risk, strategies to reduce the risk, and probability analysis.

2. Literature Review

Different risks founded in online shopping. We discuss some of them

2.1. Perceived Risk

However, the benefits of online shopping that come over through traditional shopping and the increase in the future growth of different online shopping create a negative effect and the method of shopping is critical. Risk plays an important role in the behavior of the consumer and makes such a valuable influence towards explaining the searching

information behavior and customer decision making of a purchase (Kaplan, Szybillo, & Jacoby, 1974). There are two risk perspectives according to theoretical way: one is on the based result of decision's uncertainty and other is bas on the costs or outcomes of those results. The perceived risk there wants to decrease the enthusiasm of customers to purchase goods and services through the internet. Therefore, the perception of costs and costs are not similar for all customers. While some peoples or buyers considered that electronic medium of purchase is an expensive and risky method of buying. While some buyers get advantages from online shopping the products description are easily available on the site as well as product prices (Elida, Rahardjo, Raharjo, & Sukirman, 2019). In any situation, it is consider that perceived risk could run the consumers to focus on different signals which from feelings and attitudes towards a particular website.

2.2. Financial Risk

Due to the significant growth and positive look towards the growth of online shopping, then negative aspects according to this also increase which are mostly associated with the alternative method of shopping. E.g. customers are concerned and thinking that the internet has little security while using credit cards and revealing the personal information of the customers. Financial risk is according to the perception that less amount of money actually loss or to make the products to work properly (Bhatti, et al., 2020). The financial risk can defined as potential loss of money and the consumers felling insecurity due to the use of credit card, which is the evidenced to make an obstacle for online shopping.

2.3. Product Risk

The product risk is according to the perception that the product purchase earlier might fail its function than originally we expected. In this condition, a lot of loss occurred when the brand product is not working properly as expected this largely occurred when the online shoppers inappropriate calculate the quality of the products (Bhatti, et al., 2020).

2.4. Time Risk

The perception of time refers to the convenience of time or the overall effort wasted due to the purchase of a product replaced or repaired. Time risk which contains inconvenience that occurred during transactions through the online process, often found difficulty in

submitting orders or products receive after the due date (Gerber, Ward, & Goedhals-Gerber, 2014).

2.5. Delivery Risk

The perception of delivery that most associated with the loss of goods, damaged goods, or sent the product to the wrong place after online shopping. The consumers fear that the delivery late due to some situation but the company does not delivery on a time that agreed with consumers therefore the delivery risk occurs (Gerber, Ward, & Goedhals-Gerber, 2014).

2.6. Social Risk

The perception of social risk that the product that purchased is disapproval by friends and family. It refers to the loss of the trend or status in eyes of consumers because of a social group by providing inappropriateness of the goods or the disapproval by the using of the internet as an online shopping channel (Gerber, Ward, & Goedhals-Gerber, 2014).

2.7. Strategic for the risk

- ***To ensure the transparency of the products***

The prospects from the consumers' point of view to know about the truth and do not hide anything everything should be clear through online websites and want to improve it. Advertisement of the product through social media to show the product to the consumers, and you should ensure to resolve the issue, offer customer service, and financial stability (Chu & Chi-Hua, 2008).

- ***Structure Provider***

The strategy of risk management is to provide a structured to online shopping and rational approach, assessing, identifying, and manage different risks. The process of regularly update and reviewing the online shopping center base on the actions or developments taken (Chu & Chi-Hua, 2008).

3. Methodology

The hypothesis test for this research, a multi-scale of item that constructed to measure the risk an online shopping for consumers of Saudi Arabia. A different questionnaire that

adopted, created, and combined to examine earlier researches and expert opinions; a number of questionnaire of items is according to a specific number (Ikart, 2019). It divided into three categories.

- Demographic information
- Different type of risk
- Online shopping

Demographic variables include age, education, and gender and used ordinal scales. The second is different types of risk and the last one includes online shopping. Response to the second and third category that we obtained by using 5-point of Likert scale, which show strong, agree or strongly disagree.

3.1. Demographic Information

Risk Impact Demographic profile of participants

Gender	Frequency	Percentage
Male	235	59
Female	160	40.5
Age		
Less than 30	125	32.2
30-40	50	45.8
40-50	39	15.69
50-60	20	5
Education		
Diploma	57	14.4
Bachelor	67	60
Master	237	8.4

3.2. Impact probability Matrix of Risk

Impact	Probability			
	High	Medium-high	Medium Low	Low

	b/w 80% to 100%	b/w 60% to 80%	b/w 30% to 60%	b/w 0% to 30%
Gender	Display high risk	Display high risk	Display high risk	Display moderate risk
Age	Display high risk	Display moderate risk	Display moderate risk	Display low risk
Education	Display low risk	Display low risk	Display high risk	Display low risk

3.3. *EVM is used for the calculation*

Risk	Risk probability	Cost Impact(\$)	Risk contingency
Gender	0.6	8	4.8
Age	0.86	14	12.04
Education	0.9	18	16.2

4. *Finding and discussion*

The perception of risk is a significant factor in online shopping. This research shows that online shopping is riskier despite benefits. To decrease the online perception of risk on consumers and to increase the probability of purchase the e-retailer and e-marketer are mostly involved in the business of online business and give a great direction to the consumers in Saudi Arabia. Therefore, the marketers want to encourage reducing the risk through a proper strategy and management process. Online retailers deal with the best and trusted shipping providers of services to evade damage or delay during the time of delivery of goods.

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