Effect of brand name on consumers’ risk perceptions of online shopping

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Abstract
The purpose of the present study was to investigate the relationship between brand names and consumers’ perceived risk. Hypotheses dealt with whether the presence of a product’s brand name affects consumers’ perceived risk towards shopping online; whether the familiarity with a brand name influences consumers’ perceived risk; and whether online shoppers and non-shoppers perceive risk towards shopping online differently. Results indicate that the presence or absence of a product’s brand name affects online shoppers’ perceived risk, but in the opposite direction to that expected. There was no significant difference between online shoppers’ perceived risk vis-à-vis brand familiarity; however, online shoppers possessed lower perceived risk than non-shoppers. Implications and limitations are discussed and recommendations for future research are provided.

INTRODUCTION
In a traditional shopping context, consumers essentially are passive recipients of information. With the advent of internet shopping, however, a new paradigm of consumer behaviour has emerged. Rather than being merely passive recipients of marketing information, consumers are afforded the opportunity to be active users and co-producers of information through utilisation of computer technology. The end result is intended to be a facilitated, and even enhanced, shopping experience.

Internet shopping is becoming an accepted way in which to purchase various types of goods and services (Donthu, 1999). In 2001, online sales were $48.3bn, representing an annual growth rate of 45.9 per cent, and expected to grow to $108bn by 2003 (Shim et al., 2001). Previous studies indicate that convenience is the major reason for internet shopping, but time savings, greater variety of products and services, and absence of sales pressure are also key rationales for using the internet (McQuitty and Peterson, 2000; Szymanski and Hise, 2000). With internet shopping, consumers can purchase products that are not sold in their local retail stores and no longer need to worry about parking, crowds,
transportation or weather conditions (Burke, 1997). Furthermore, the importance of internet marketing is increasing for retailers because of the cross-geographical markets' potential and retail opportunities (e.g. Donthu, 1999; Lynch, 2001). As e-commerce grows, however, problems regarding consumer identity theft and online security of consumers' private information emerge (Clayton, 2000). Indeed, a previous study indicates that privacy of personal information is the most important concern of consumers when they shop or search for information online (Miyazaki and Fernandez, 2001). In fact, a recent survey by Yankelovich (Yankelovich Poll, April 2000) shows that 79 per cent of online users reported that they immediately leave websites that require personal information (Paul, 2001).

Regardless of the buying context, consumers exhibit uncertainty regarding the match between their choices of products or brands and their buying goal, as well as the unfavourable consequences they might face if a mismatch occurs. This uncertainty represents major elements of consumers' perceived risk involved in a buying decision process (e.g. Bauer, 1960; Cox, 1967; Cunningham, 1967). In order to decrease perceived risks, consumers use several strategies, such as brand loyalty, store image or word-of-mouth, either to confirm their buying decision or reduce the uncertainty they feel about the decision (Kim, 2001; Lutz and Reilly, 1973). Signal theories (Rao et al., 1999) and extrinsic and intrinsic cues (e.g. Dawar and Parker, 1994; Dean, 1999) are among the most frequently mentioned topics in previous risk investigations, with brand name being the most frequently used signal that consumers rely on to evaluate the products they purchase (Dawar and Parker, 1994; Grewal and Krishnan, 1998).

Although a number of studies have discussed a brand's risk reduction function in a traditional shopping environment (e.g. Moon and Millison, 2000; Richardson and Dick, 1994), no previously published research has focused on whether a brand has a similar impact on risk reduction in e-commerce. When individuals shop online, they may have certain concerns that are not present in a traditional shopping mode. Whether a product's brand name — which can serve as a risk reduction cue — decreases online consumers' fear about such concerns or threats is virtually unknown. Previous investigations have discerned that perceived risk is influenced by the way in which consumers purchase products (Kim, 2001); consumers have enhanced perceived risk when they purchase items in non-store venues (Spence et al., 1970); and the more uncertainty consumers have about making purchase decisions without sensory product inspection, the higher their perceived risk (Cox and Rich, 1964). Online shopping does not permit sensory product inspection and occurs in a non-store milieu. Also, online shopping can be considered similar to ordering products by mail or telephone, as these shopping modes contain invisible threats and require consumers to provide their personal and financial information to an unseen party.

**OBJECTIVE OF THE STUDY**

Based on the risk reduction quality that a product's brand name serves in traditional in-store shopping, consumers conceivably might perceive less risk when they purchase products having brand names with which they are familiar rather than those with which they are unfamiliar — regardless of the shopping mode. Therefore, a product's brand name may well reduce consumers' perceived risk in an online buying situation. The present study will focus on a brand's risk reduction function and its impact on the perceived risk involved in online shopping. The study sought to address the following research questions:

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Does the presence of a product’s brand name affect online consumers’ level of perceived risk?

Is there a difference between online consumers’ level of perceived risk when purchasing a well-known brand versus a lesser-known brand?

Is a brand’s risk reduction function strong enough to affect consumers’ judgment about online shopping?

Do online and non-online shoppers have different levels of perceived risk?

To address the preceding questions, the remainder of this paper will present germane literature, develop the study’s hypotheses, describe the methodology, report the findings and offer implications.

LITERATURE REVIEW

Consumers’ concerns towards online shopping

The most important concern of consumers towards online shopping is protection from the threat to their personal privacy (Caudill and Murphy, 2000) regarding the extent to which marketers collect and use their personal information, as well as stolen credit card numbers and abuse of personal information. These issues lead consumers to hesitate to make purchases online (Shapiro, 2001). Issues regarding consumers’ individual-specific information collection (such as address, telephone number, demographic characteristics, lifestyle and spending patterns) are also of concern when online (Rohm and Milne, 1998). Findings from previous studies indicate that privacy and security problems should be considered critical issues for online retailers (eg Miyazaki and Fernandez, 2000; Sheehan and Hoy, 2000). Miyazaki and Fernandez (2000) suggest that there is a positive relationship between online privacy and security and consumers’ online purchase likelihood. That is, consumers are more likely to purchase online when they see privacy and security disclosures on websites. Indeed, 75 per cent of online shoppers perceive credit card security to be a major concern when making online purchase decisions (Szymanski and Hise, 2000).

The internet shopping environment also raises uncertainties for consumers. For example, the Working Group on Electronic Commerce and Consumers (1999) developed a set of principles regarding consumer protection in electronic commerce. These principles suggest that consumers should pay attention to the identification of online vendors, sufficiency of product and sales information, protection of privacy, reliability of online transactions, and management of unwanted commercial e-mails, all of which have been mentioned in previous literature (eg Lee and Clark, 1997; Lowe, 2000). In addition, the inability to physically inspect products (Lee and Clark, 1997), the security system of a website, the managing of customers’ orders and the post-order service (Briones, 1998) have been suggested as influences over whether consumers feel safe towards shopping online.

Perceived risk

Since Bauer first introduced the concept of consumer perceived risk in 1960, the subject has galvanised wide discussion and led to numerous extended definitions (eg Mitchell, 1999; Bettman, 1973; Cunningham, 1967). Researchers frequently define elements of perceived risk with respect to uncertainty and consequence (Cunningham, 1967; Kogan and Wallach, 1964). ‘Uncertainty’ is related to the identification of buying goals or the process of matching goals with the purchase decision. ‘Consequences’ may relate to functional, performance or psychological goals and the money, time and effort invested to achieve those goals (eg Bauer, 1960; Cox, 1967; Cunningham, 1967).

Several types of perceived risk have been widely applied in previous
consumers are likely to perceive a certain level of risk when making e-commerce purchases. Consumers’ active participation in the information-gathering process for online shopping, however, may mitigate some of their perceived risk. Nonetheless, they still inevitably must deal with potential hazards from technological problems, manufacturers, retailers, or hackers, as well as concerns over product choice, which increase the uncertainties involved in the online buying process. The chance of experiencing adverse consequences (e.g., failure of product delivery or invasion of personal and financial information) thus arises, leading to perceived risk.

### Brand name as a risk reducer

Previous research has observed that brand name is one of the most important extrinsic cues, which are product-related attributes not involved with the product’s physical or functional aspects, that consumers use to evaluate products (Richardson and Dick, 1994). Consumers tend to employ extrinsic cues when they do not have much knowledge about the product category (Dean, 1999). A study conducted by Dawar and Parker (1994) found that brand name is the most important signal (cue) across cultures when consumers face uncertainty about products. Also, Richardson and Dick (1994) discerned that products having a well-known national brand are

<table>
<thead>
<tr>
<th>Type of perceived risks</th>
<th>Operational definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial risk</td>
<td>What are the chances that you stand to lose money if you try an unfamiliar brand of ________?</td>
</tr>
<tr>
<td>Performance risk</td>
<td>What is the likelihood that there will be something wrong with an unfamiliar brand of ________?</td>
</tr>
<tr>
<td>Psychological risk</td>
<td>What are the chances that an unfamiliar brand of ________ will not fit in well with your self-image or self-concept?</td>
</tr>
<tr>
<td>Social risk</td>
<td>What are the chances that an unfamiliar brand of ________ will affect the way others think of you?</td>
</tr>
<tr>
<td>Physical risk</td>
<td>What are the chances that an unfamiliar brand of ________ may not be safe?</td>
</tr>
</tbody>
</table>

*Source: Jacoby and Kaplan (1972).*
evaluated more favourably than private label brands.

Important marketing factors, such as product quality, relative price and purchase intention, have been examined within different brand-related contexts (eg Brucks et al., 2000; Grewal and Krishnan, 1998). Research shows that brand name can help consumers reduce search cost and cognitive effort when making product evaluations (Landes and Posner, 1987), and can reduce their perception of risk about product quality (Moon and Millison, 2000). Previous studies show that consumers have a higher purchase probability for a well-respected brand than for a less well-respected brand because awareness of the brand name can significantly reduce the perceived risk (Erdem and Swait, 1998).

Arguably, then, brand name can effectively reduce consumers’ uncertainty about product quality and their perception of risk concerning purchase decisions in traditional shopping venues; however, whether it has this risk reduction capacity in an online shopping context is unknown. As such, the following hypotheses are posited:

H₁: Online shoppers’ perceived risk will be lower when a brand name is present on a product than when it is absent.

H₂: The more well known the brand name of a product is, the lower online shoppers’ perceived level of risk.

Online shoppers versus non-shoppers

In 2000, the proportion of online users was approximately 80 per cent of the total US population, but only 18 per cent of online users had made purchases online (Rosen and Howard, 2000). By 2002, more than one-third of US households had made purchases over the internet (Totty, 2003). The rapidly growing number of online purchases urges the study of difficulties that online users encounter when they make purchases. Privacy and security problems, the invisible transaction with marketers, and the visual-only product display are common reasons for online users to hesitate to make purchases (Goldborough, 1998; Working Group on Electronic Commerce and Consumers, 1999). As such, Donthu (1999) suggests that internet shoppers seek more convenience and innovation and are less brand conscious and risk averse than non-shoppers. Such individuals are somewhat similar to innovators who seize the opportunity to adopt a new product (Rogers, 1995). Therefore, online shoppers are likely to have different risk perceptions from their non-shopping counterparts.

H₂: Online shoppers perceive less risk towards online shopping than non-shoppers.

METHOD
The study

The purpose of this study was to examine whether a product’s brand name reduces consumers’ perceived level of risk when shopping over the internet. The hypotheses were tested using an experiment in which a product’s brand name was manipulated as the independent variable. Two experimental treatments, a well-known brand and a lesser-known brand, were utilised as the experimental group; a control group without the presence of a brand name was also included. In addition, subjects’ online shopping experience (shopper versus non-shopper) was utilised as a blocking variable to examine the differences in subjects’ risk perceptions between online shoppers and non-shoppers. (For brevity, pre-test information is not provided here but is available from the first author upon request.)

For the actual study, an identical number of subjects was randomly assigned to three groups, two of which received the experimental treatments and one that did not (control group). As a result of the pre-test, the MP3 player was the selected product category, and Sony and Rio were the selected brands.
Questionnaire packets consisted of a scenario for purchasing an MP3 player over the internet. One packet contained either the well-known (Sony) or lesser-known (Rio) brand name and was distributed to the experimental groups; another packet without the MP3 player’s brand name was distributed to the control group. No actual product or pictures of the product were displayed during the experiment because factors other than brand name, such as physical features, might affect subjects’ perceptions (e.g., Heilman et al., 2000; Olson and Jacoby, 1972; Park and Lessig, 1981).

Measures

One group of subjects was instructed to respond to statements regarding the risk they perceived when shopping online for a Sony MP3 player, the other experimental group, when shopping online for a Rio MP3 player. Subjects in the control group were asked the same questions regarding shopping online for an MP3 player (no brand mentioned). All subjects also answered questions about their online experience and usage, as well as their purpose, frequency and experience in using the internet.

The dependent variable, consumers’ perceived risk towards shopping online, was measured using items employed in previous studies (Jacoby and Kaplan, 1972; Kovar et al., 2000; Shimp and Bearden, 1982); interviews with a group of people regarding their concerns about shopping online; and criteria about company websites, as developed by representatives from business, consumer associations and governments (Working Group on Electronic Commerce and Consumers, 1999). Fourteen items constituted the perceived risk scale, based upon the results of the pre-test. Subjects responded to the perceived risk items using a seven-point Likert scale (1 = strongly disagree to 7 = strongly agree). Items were recoded prior to the analyses so that lower mean scores would indicate lower perceived risk.

To test the reliability and dimensionality of the perceived risk items, exploratory factor analysis and internal consistency tests were employed. The factor analysis produced a five-item, two-dimensional (perceived sales risk, perceived security risk) solution, as shown in Table 2; owing to high cross loadings, nine of the 14 items were eliminated. Internal consistency for the perceived sales risk factor was $\alpha = 0.7586$ and for the perceived security risk factor $\alpha = 0.7578$.

Sample

Undergraduate students comprised the sample. This group was utilised because the majority of online purchases are made by consumers who are college age (Clemente, 1998); online shoppers between the ages of 18–29 tend to be more sensitive to brand names when shopping online than those in other age groups and repeatedly purchase their preferred brands (Whelan, 2001); and student samples are homogeneous in nature and use of homogeneous samples is supported in the test of a theory-driven model (Keen, 1999).

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Factor analysis for perceived risk scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items</td>
<td>Factors</td>
</tr>
<tr>
<td></td>
<td>Factor 1 Security risk</td>
</tr>
<tr>
<td>The information about online security would be provided</td>
<td>0.857</td>
</tr>
<tr>
<td>The privacy and security statement would be displayed</td>
<td>0.856</td>
</tr>
<tr>
<td>Customers’ complaints would be handled satisfactorily</td>
<td>–</td>
</tr>
<tr>
<td>The post-sales service would be performed satisfactorily</td>
<td>–</td>
</tr>
<tr>
<td>Returns would be performed satisfactorily</td>
<td>–</td>
</tr>
</tbody>
</table>

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Therefore, 240 undergraduate students enrolled in an introductory business class in a university located in the midwestern USA, participated in the study. (For brevity, sample information is not provided but is available from the first author upon request.)

RESULTS
One-way analysis of variance (ANOVA) was utilised to compare the mean values of the dependent variable, ‘perceived risk’, between the experimental groups and the control group for H1, as well as between the two experimental groups for H2. T-tests were used to test the mean difference in perceived risk between online shoppers and non-shoppers for H3. Analyses were conducted separately for perceived sales risk and perceived security risk, owing to the results of the factor analysis for the perceived risk scale items. H1 and H2 were tested using solely those subjects who were online shoppers ($n = 164$). H3 was tested utilising both online shoppers and non-shoppers ($n = 240$).

H1 examined the relationship between the presence/absence of a brand name and consumers’ perceived level of risk towards purchasing a product (MP3 player) online. ANOVA results (Table 3a) indicate that there is a significant difference between the combined experimental groups and the control group in both online shoppers’ perceived sales risk ($F(1, 163) = 6.438$, $p = 0.012 < 0.05$) and perceived security risk ($F(1, 163) = 3.852$, $p = 0.05$). The mean scores reveal that subjects have lower perceived sales risk and lower perceived security risk when they purchase an MP3 player in the absence of a brand name than in the presence of a brand name (perceived sales risk mean = 2.673 [no brand] < 3.154 [brands]; mean of perceived security risk = 2.063 [no brand] < 2.380 [brands]). These findings are the opposite of what was anticipated and, therefore, H1 is not supported.

H2 predicted that consumers perceive different levels of risk towards shopping online for products with different brand names (well-known [Sony] versus lesser-known [Rio] brand name). The results (Table 3b) indicate that there is no significant difference between the Sony and Rio groups in online shoppers’ perceived sales risk ($F(1, 107) = 0.15$, $p = 0.699$) or perceived security risk ($F(1, 107) = 0.002$, $p = 0.964$), therefore, H2 is not supported.

H3 predicted that online shoppers perceive less risk than non-shoppers. T-test results presented in Table 3c show that online shoppers differ significantly from non-shoppers in terms of their perceived sales risk ($t = 3.567$, $p = 0.000 < 0.05$) as well as their perceived security risk ($t = 3.035$

### Table 3a ANOVA for perceived risk between control group and experimental groups

<table>
<thead>
<tr>
<th>Dependent variables</th>
<th>Group</th>
<th>$n$</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>$F$-value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived sales risk</td>
<td>Control</td>
<td>56</td>
<td>2.673</td>
<td>1.175</td>
<td>6.438</td>
<td>0.012</td>
</tr>
<tr>
<td></td>
<td>Brands</td>
<td>108</td>
<td>3.154</td>
<td>1.142</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived security risk</td>
<td>Control</td>
<td>56</td>
<td>2.063</td>
<td>0.930</td>
<td>3.852</td>
<td>0.051</td>
</tr>
<tr>
<td></td>
<td>Brands</td>
<td>108</td>
<td>2.380</td>
<td>1.007</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 3b ANOVA for perceived risk towards online shopping

<table>
<thead>
<tr>
<th>Dependent variables</th>
<th>Group</th>
<th>$n$</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>$F$-value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived sales risk</td>
<td>Sony</td>
<td>52</td>
<td>3.199</td>
<td>1.142</td>
<td>0.150</td>
<td>0.699</td>
</tr>
<tr>
<td></td>
<td>Rio</td>
<td>56</td>
<td>3.113</td>
<td>1.150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived security risk</td>
<td>Sony</td>
<td>52</td>
<td>2.375</td>
<td>0.907</td>
<td>0.002</td>
<td>0.964</td>
</tr>
<tr>
<td></td>
<td>Rio</td>
<td>56</td>
<td>2.384</td>
<td>1.100</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3c: T-test for perceived risk towards online shopping between online shoppers and non-shoppers

<table>
<thead>
<tr>
<th>Dependent variables</th>
<th>Group</th>
<th>n</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>t-value</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived sales risk</td>
<td>Non-shopper</td>
<td>76</td>
<td>3.579</td>
<td>1.229</td>
<td>3.567</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Shopper</td>
<td>164</td>
<td>2.990</td>
<td>1.172</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived security risk</td>
<td>Non-shopper</td>
<td>76</td>
<td>2.691</td>
<td>1.001</td>
<td>3.035</td>
<td>0.003</td>
</tr>
<tr>
<td></td>
<td>Shopper</td>
<td>164</td>
<td>2.271</td>
<td>0.990</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$p = 0.003 < 0.05$). As anticipated, online shoppers perceive lower sales risk and security risk towards shopping online than non-shoppers (perceived sales risk mean = 3.579 [non-shoppers] > mean = 2.990 [online shoppers]; perceived security risk mean = 2.6901 [non-shoppers] > mean = 2.271 [online shoppers]). Therefore, H3 receives support.

**DISCUSSION AND IMPLICATIONS**

The primary purpose of this study was to investigate whether a product’s brand name affects consumers’ perceived risk in an online buying decision. As noted earlier, research has shown that a product’s brand name can reduce consumers’ perceived risk in a traditional store environment; however, until now this issue had not been investigated in an online shopping environment. In the current work, the presence of a product’s brand name was found to affect significantly online shoppers’ perceived levels of service and security risk; however, it did so in an unanticipated direction. Specifically, the presence of a brand name augmented risk perceptions in an online shopping context. In addition, brand status (well-known versus lesser-known brand names) was discerned to have no significant impact on consumers’ perceived risk. Also, online shoppers, as anticipated, had less perceived risk than their non-shopping counterparts. Several alternative rationales may explain these findings.

**Explanation for results concerning the impact of brand names**

Prior research has found that online shoppers between the ages of 18–29 are more sensitive to brand names when shopping online than those in other age groups, and they tend to purchase their preferred brands repeatedly (Whelan, 2001). Over 95 per cent of online shoppers in this study were between 19–25 years old. Given this age group’s interest in brand names, subjects may well have heightened sensitivity to the presence or absence of a product’s brand name when shopping online. If the brand name is not one of their choosing, perhaps its presence on the product serves to increase their uneasiness about the brand, and thus their perception of risk. In essence, then, non-branded products might induce less perceived risk for this group than branded products that are outside of their evoked set.

Another explanation for the results pertains to the two kinds of perceived risk identified in this investigation — perceived sales and service risk. Both of these kinds of risk are related to the shopping context rather than to the products that subjects were asked to ‘purchase’ in the experiment. In this study, subjects seemingly were concerned about risk related to the online environment instead of that associated with a product. Perhaps their concerns about the internet shopping environment were strong enough to make them less attentive to product-related risk. Hence, the effect of a product’s brand name on perceived risk might be muted in an online shopping arena. Use of product brand names on a website may not serve to reduce online shoppers’ perceived risk. As such, perhaps other branding strategies, such as promoting the brand names of distributors or the website, may be more
valuable to reduce consumers' perceived risk in online shopping.

An additional rationale concerns the brand names employed in the study. The suggestion that young online shoppers tend to stick to their preferred brands does not specify the popularity and reputation of those brands. Perhaps one or both of the brand names employed in this study were not perceived particularly favourably by the online shoppers in this study (maybe owing to previous bad experiences with those brands).

Branded products are usually more expensive than non-branded ones (ie generics). Because the subjects employed in this study were between 19–25 years old, it is possible that they could not afford to buy products having this study’s brand names (Sony and Rio). Alternatively, subjects might think that the potential financial loss of buying a cheaper, non-branded product would be smaller than buying a more expensive, branded product. Thus, student subjects may well have perceived these branded products as unaffordable.

A further rationale for this study’s findings deals with product information search. The internet offers a surplus of product-related information. Therefore, brand names may not represent an important symbol of product quality for online shoppers (Donthu, 1999). Instead, online shoppers might utilise alternative information sources found on the internet to find specifically what they need. Conceivably, online shoppers possess keen concern about the websites from which they make purchases. Website brands may thus substitute for product brands in online shopping.

The unexpected findings of this study seemingly call into question the applicability of using a product’s brand name to reduce risk in e-commerce; however, further research is still necessary to determine the impact of branding on consumers’ perceived risk in non-traditional shopping contexts.

Previous work has discerned that consumers are willing to make purchases on websites having retail names with which consumers are familiar or with which they have already established a relationship in a traditional retail store environment (eg Goldsborough, 1998; Shapiro, 2001). Very little research has been conducted to address the relationship between reputable online retailers and consumers’ perceived risk of doing business with them; as such, it appears to be an area worthy of further investigation.

Explanation for results concerning online shoppers versus non-shoppers

Online shoppers were found to have less perceived risk vis-à-vis online shopping than non-shoppers, as expected. As noted earlier, internet shoppers seek more convenience and innovation and are likely to be less risk averse than non-shoppers (Donthu, 1999). These ‘innovators’ seemingly make purchases over the internet owing to these foregoing characteristics. Relative to non-shoppers, online shoppers apparently see the risk inherent in online purchasing to be offset by the ease of making purchases through e-commerce. Thus, they are willing to ‘take a chance’ with this innovative marketing channel. Non-shoppers appear to possess sufficient perceived risk conducive to their non-shopping behaviour on the internet. This situation requires e-retailers to create websites that can attend to non-shoppers’ sales and service perceived risk. In particular, emphasis should focus on issues surrounding non-shoppers’ security-related and sales-related concerns (complaint handling, post-sales service, returns etc). Efforts should be taken to demonstrate to non-shoppers how secure the website is, as well as facilitate non-shoppers’ post-sale activities. Such endeavours should convert non-shoppers into online shoppers.
FURTHER RESEARCH
Future research is needed that utilises potential consumers who would seriously consider purchasing branded products over the internet and who exhibit large variation in demographic characteristics. Furthermore, only one product category was utilised in this study. Therefore, more than one product category should be employed in future research to investigate differences across various product types.

As noted earlier, prior research suggests that consumers in a retail store context perceive a higher level of risk when buying a lesser-known brand than a well-known brand if they have low knowledge and low involvement with the product category. Whether this relationship between product knowledge and involvement and consumers’ perceived risk towards purchasing the product applies in a non-traditional shopping context merits empirical attention. The relationship between recognition of online retailers and consumers’ perceived risk towards online shopping is another interesting issue warranting further examination. The names of online retailers could be investigated to determine whether they affect consumers’ perceived risk towards shopping online.

Finally, in addition to brand names of products, website brand names should be examined in future research. The meanings of website brand names to consumers and whether brand names of websites have an impact on consumers’ perceived risk towards making purchases online should be investigated. In addition, the role that website brand names play in each type of internet business is a topic for future examination.

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