

# Impact of Privacy Risk and Product Risk On Online Shopping Behavior With The Moderating Role Of Trust In Pakistan

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**Abstract:** The aim of this study is to develop a conceptual framework that describes the Impact of privacy risk and product risk on online shopping behavior with the moderating role of trust in Pakistan. This study adopts a conceptual method of reviewing related literature. Evidence from the existing literature have suggested that privacy risk and product risk negative effect on online shopping behavior and trust can minimize this risk. The main limitation of this study is that it is conceptual and needs an empirical study to support the model that is presented. This study practically suggests that for enhancing online shopping and minimize risks, must build trust. The main contribution of this study it considers trust as a moderating variable between risks and online shopping behavior.

**Keywords:** privacy risk, product risk, trust, online shopping behavior

## 1. INTRODUCTION

Online shopping is the exercise of buying product and services at home with leisure and comfort from the online store or through internet within few minutes. In other words, online shopping is buying from online merchants who sell their products on the internet. This concept was established first, before the World Wide Web (WWW) but that time it is only for transaction processed from a domestic television, this technological thing was called videotext and authorized in 1979 by M.Aldrick who enterprise and connected structure in the united kingdom. Furthermore, after that first server website produced by Tim Berners Lee in 1990 and in 1995 Amazon extended its online shopping structure and practice (Parker-Hall, 2009). It gains popularity in the 20<sup>th</sup> century. E-commerce is a process of buying and selling through the internet. E-commerce specifies transactions over networks like the internet. It plays important role in business in delivering complete and effective product and services information.

Now a day's people do not have plenty of time to visit the market, mall and wait, stand in the queue for long. Internet provides many websites as an alternative source for conveniently buying their desired product but after a lot of benefits online shopping have a number of risks and because of these risks people avoid online shopping (Akram, 2018). The number of studies on online shopping behavior but it is still interesting challenging topic considered by academics and business agents (Tugulea, 2014). This area has been researched in different and alternative ways but, there seems to be confusingly studies of trust and trusted third party of trust and risk, of privacy in shopping online.

This concept of trust, privacy security, and risk are used with different meanings for many purposes.it is important to understand and recognize these concepts support different purposes, trust and risk are human-related concepts so privacy is primarily used in technical way. Privacy means

consumers get support and feel to be safe and secure. So there is a need for clarifications (Pennanen, Kauppi, & Paakki, 2006). Furthermore, Product second highest risk after financial risk Kim (2010) and this risk is very severing in online shopping because they threaten to lose their money when they cannot get expected product (Bhatnagar, Misra, & Rao, 2000). According to Gefen, Rao, and Tractinsky (2003) there is no unified integrated view on the between the concepts of consumer risk and trust.

## 2. LITERATURE REVIEW

### Privacy risk and online shopping behavior

Privacy risk means the possible loss of private information and misuse of personal information in other words illegally, without permission get information. Spreading the customers' personal information on the web without their permission is the main challenge that the online marketing porticos are facing. Furthermore, it is consumer fear about the privacy of their private information regarding credit card details can be misused (Ariff, Sylvester, Zakuan, Ismail, & Ali, 2014). When a customer buys online they require some personal information and this can raise concern that misuse of information and creating uncertainty and increasing perceived risk. Furthermore, privacy risk influence strongly customer's perception (Lian & Lin, 2008). Similarly, privacy risk high with increasing online sales (Drennan, Sullivan, & Previte, 2006; Miyazaki & Fernandez, 2001; Van Noort, Kerkhof, & Fennis, 2008). Once consumer faces bad experience then they reluctant to buy again (Pavlou, 2003). Research shows that 8% internet users leave online shopping because of privacy and 54% people not go once for online shopping because they believe that online shopping is a risk (Tanadi, Samadi, & Gharleghi, 2015). Hence, we can minimize this ratio who do not feel secure or even who never go for online shopping by generating trust between online sellers and consumers. So, in this study, we use trust as a

moderating variable to enhance online shopping behavior of people.

### Product risk and online shopping behavior

Online shopping is a non-store shopping, therefore, it is very problematic for consumers to analyze the superiority of a product because they cannot see physical products and have limited information, graphics that seller provides on the website. According to Ariff et al. (2014) product risk is on second highest risk or second level in fear following financial risk. Product risk actually is a threat in consumer mind about a product that might be a product not meet expectations and fail to perform an original function (Kim, 2010). Furthermore, product risk is a most prominent risk during online shopping Bhatnagar et al. (2000) because of inability and incapability of touching or testing goods before buying is a primary reason to avoid online shopping, this fear is high in an online environment (Almousa, 2011; Saprikis, Chouliara, & Vlachopoulou, 2010). Moreover, product risk effect consumer behavior negatively they perceive that might be fraud of finance because when they cannot get expected product they loss their finance and in future they reluctant to shop online, this risk becomes more tricky when they cannot get after sale services and this is a severe issue during online shopping (Haider & Nasir, 2016). Meanwhile, trust play important role in online shopping and it encourages consumer behavior to buy online so, in the current study, we use trust as a moderator to minimize product risk and maximize online shopping.

### Trust and online shopping behavior

Trust considered a most important factor in online shopping business to consumer e-commerce market. According to Chu and Yuan (2013) E-trust is most imperative for e-commerce. It plays a significant role in generating satisfaction and gains expected consequences in online transactions (Flavián & Guinalíu, 2006; Wu & Chang, 2005). Trust is an individual expectation; behavior inside the society where they live and they are ruled, trust can be granted upon an individual, an organization, an institution (the government), an object (product) or a role (Barber, 1983). Furthermore, trust is customer expectations to admit weakness in online shopping that is based on optimistic expectations about future online shopping behavior (Kimery & McCord, 2002). Moreover, Trust is necessary for the consumer to buy online rather than traditional shopping McCole and Palmer (2001). Because trust can decrease uncertainty and risk (Mohmed, Azizan, & Jali, 2013; Pavlou, 2003) similarly it encourages customers to buy online. It is considered that trust influence on consumer perception that leads consumer engagement in online shopping. Meanwhile, in online shopping it is not simple to build trust between seller and buyer, trust is an emotional shortcut that consumer use during buying online shopping and trying to reduce the uncertainty and risk, on the other hand, lack of trust generate uncertainty and risk in consumer mind (Sayed). So, it is very important to build trust to minimize risk and maximize online shopping behavior. Product risk and privacy risk are the main risks

associated with online shopping behavior trust in companies necessary to increase sales and positive image in the consumer mind. According (Baron & Kenny, 1986) moderator use to strength the relationship so in this study we use a moderator to strengthen relationship by minimizing risks and increase online shopping behavior with trust building.

### Research framework and Hypothesis development

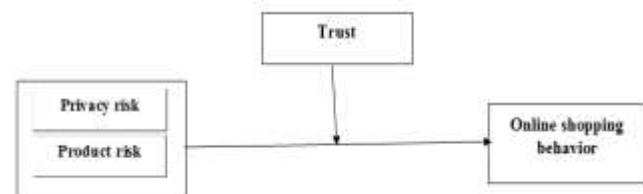
H1: Privacy risk negatively related to online shopping behavior

H2: Trust moderate between privacy risk and online shopping behavior

H3: Product risk negatively related to online shopping behavior

H4: Trust moderate between product risk and online shopping behavior

H5: Trust positively related to online shopping behavior



### 3. CONCLUSION

Risks a severe issue in the online shopping environment, and online shopping still considers much risk way of shopping in spite of the number of benefits. Having deliberated different theoretical and practical urgings and arguments in respect of risks and its effect on the online shopping behavior that changes marketing trends, it shows obviously that there are still many salient issues to be deliberated and considered if online vendors will reap the full benefits of online shopping. Subsequently, different authors, consulting firms and researcher have published relevant reports and literature and stated that online shopping can be enhanced by minimizing risk in consumer mind and establish trust. Part of the reports equally emphasized that for enhancing consumer behavior towards online shopping must create trust and trustfully communication between customers and online vendors as this will encourage the customers to develop trust and increase confidence in online shopping.

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