

CERTIFICATE FROM THE INSTITUTE

This is to certify that the Dissertation titled **A study of Perceived Risk and Trust in Online Shopping**, is a bonafide work carried out by **Ms. Nancy Yadav** of MBA 2014-16 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-110042 in partial fulfilment of the requirement for the award of the Degree of Masters of Business Administration.

Signature of Guide
(DSM)

Signature of Head

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Place: New Delhi

Date: 4th May, 2016

DECLARATION

I **Nancy Yadav**, student of MBA 2014-16 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-110042 declare that the Dissertation on **A study of Perceived Risk and Trust in Online Shopping** submitted in partial fulfilment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This Report is not being submitted to any other University for award of any other Degree, Diploma and Fellowship.

Nancy Yadav

Place: New Delhi

Date: 4th May, 2016

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EXECUTIVE SUMMARY

The purpose of conducting this study was to explore whether and how trust affects perceived risk in the online shopping context and vice versa, to determine the different perceived risks involved in online shopping in Indian context, to understand elements of each perceived risk in online shopping and to find out reasons for reluctance to online shopping.

The study examines the demographic profile of the online shoppers and tries to establish the link between the attitude of the buyers and their shopping behavior. In the study there were predominant male respondents comprising about 65% of the total. While, most of these about 80% were in the age bracket of 15-29 years of age. Both these are in accordance with the India Broadband forum Report which confirms that most shoppers and online visitors are males and in the age bracket of 18-30 years. As the survey responses were collected online and through an MNC firm, most of the respondents were either undergraduates or postgraduates with a healthy monthly income. It is found that a person is more prone to online shopping with a higher income. This also is in accordance with the latest articles stating that the youth of India have the highest spend on online shopping. Since education is often correlated with the level of Internet literacy, better-educated Internet users are still the principal composition of online purchasers.

In the study it was also found that a staggering number of respondents had never shopped online. However, they did respond to the questions posed to them related to the trust of the online vendors. Thus, proving that there were still some barriers when it comes to online shopping. The online shopping of consumers ranged from frequent (once in a week) to rarely (once a year) with most of the respondents saying that they shopped at least once a month or once in 2-5 months.

Also, we see that most online shoppers spend about 2-3 hours on the internet every day. Thus, we can infer that a regular usage of the internet does incline you towards shopping online. It can be seen that 51% of the respondents have spent amount less than 5000 as the highest amount in one transaction followed by 28% spending Rs. 5000- Rs. 15000.

The highest spent on online shopping is still very low with about 85% of the respondents saying that they had never bought an item more than 15,000 from the internet. This is due to the lack of trust in the online vendors and also because of the perceived risk from the consumer's side in buying high involvement goods. Another reason identified for this behavior is that most of the users are in the age group of 15-29 years who are either students or have just started earning, hence limiting their spend capacity.

As was expected, the most favored payment mode for an Indian online shopper is still the Cash on delivery service. About 50% of the respondents marked Cash on delivery as their 45 favored mode of payment followed by credit card, debit card and net banking facility respectively.

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