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# Online or offline: Perceived risk and its influence on young consumers decision of where to consume.

*Graduate School - Master's Thesis in Marketing and Consumption*

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## Abstract

This paper seeks to increase the knowledge about how perceived risk influence young consumers' decision to consume online or in a brick-and-mortar store. In addition, gain a deeper understanding if brick-and-mortar stores are still relevant when online shopping is taking a more prominent role in how individuals consume their products and services. The conducted research analyses different factors of perceived risk and the part they play in young consumers' decision of where to purchase products and services. Data was gathered through semi-structured interviews with respondents between the age of 18 - 30 who actively consume products and services both online and in a brick-and-mortar store. The findings indicate that financial, functional and convenience risk are prominent factors influencing young consumers' decision to either consume online or in a brick-and-mortar store. While factors such as non-delivery and privacy risk play minor parts.

# Introduction

Internet and online shopping are playing ever a more prominent role in how we decide to consume and shop our products and services. The size of online shopping has increased by more than the double since 2014 and the total online market value is estimated to 4.88 trillion US dollars in 2021 (Statista.com, 2018). According to Moshrefjavadi et al. (2012) has the internet become a prominent medium for selling goods and services in a global market place. This finding is also in line with Sinha (2010) who explain that Internet is used by consumers for many different purposes that include: choosing products and services through Internet, place orders, searching for product features, making payment, prices and reviews. In turn, E-commerce has emerged as a prominent marketing channel that is used for shopping and consuming goods and services. One of the industries that have changed the most is the retail industry during the emergence of digitalisation and online channel. In some of the retail markets the online channel has become the leading channel and changed the basics of the market, with web pages such as AMAZON, and eBay (Verhoef et al., 2015).

However, does this mean that traditional way of selling and buying goods through traditional brick-and-mortar stores play a less significant role? This is the question Marcia Layton Turner points in her 2017 Forbes article. Nevertheless, with news of closed down stores and increased online shopping it still only represents a small percentage of the total retail sales. According to Forbes.com (2016), 95 % of the retail sales are yet made up from companies that have traditional brick-and-mortar stores, and the reason for it being that consumers still seem to prefer physical stores because of the value of services they get from sales personnel. Moshrefjavadi et al. (2012) had similar findings that brick-and-mortar stores are still relevant and point out that online stores lack important physical features as consumers are not able to see, touch, taste, smell or hear the products and therefore not being able to get a full understanding of the products.

Therefore, Nepomuceno et al. (2014) argue that with the growing importance of online shopping there is an equal growing interest from researching why some consumers use online shopping while others still prefer brick-and-mortar stores and results indicate that perceived risk has a significant influence on the decision to either shop online or offline. Yang et al. (2015) note that the understanding of perceived risk is of high importance when analysing consumers decision to consume either online or offline. However, Didem Tali (Forbes.com, 2016) believes that opinion of comparing the physical offline shopping towards the digital online shopping is a false way of understanding the retail industry as they are complementary experiences. In the future the brick-and-mortar stores will have to evolve into a customer experience that facilitate consumers emotional needs and that the online and offline experience will have to merge (Forbes.com, 2016).

Thus, does brick-and-mortar stores have a continuing role in today's consumption, do they still play an essential part when consumers purchase an item or will online shopping replace it? Will traditional stores be forced into becoming primarily a showroom to survive? To gain

a deeper understanding of this dilemma, this study will examine the preferences, and how they are influenced by perceived risk, of today's young consumers, who will become the future's primary consumers. Thus, the research questions will be as follows.

How does perceived risk influence young consumers' decision to consume online vs offline?

This research question aims to improve and extend the existing marketing literature in the retail sector. By so providing more knowledge in consumers' behaviour in their decision to consume online or offline in the retail industry.

## Literature review

Previous studies have examined different kind of factors which influences a consumer's decision to either consume online or in a brick-and-mortar store. Factors such as age, gender, convenience, product type, price, information, trust, and perceived risk (see Monsuwé et al., 2004; Lalwani, 2016; Li and Dalen, 2012; Sultan and Uddin, 2011; Maziriri and Chuchu (2017) have been examined. Furthermore, there are also studies that have tried to establish relationships between some of the factors influencing a consumer's decision to consume online vs offline (see Koltman and Kuckertz, 2012; Hong, 2015; McKay-Nesbitt and Ryan, 2015). A closer presentation of previous research on the mentioned factors and their relationships is given below.

In a study by Chiang and Dholakia (2003), three essential variables where proposed to influence consumers intentions to shop online during their information gathering stage: (a) convenience characteristic of shopping channels, (b) product type characteristics, and (c) perceived price of the product. The results indicated that product type and convenience persuaded consumer intention to participate in online shopping. Consumers intention to shop online is greater when they perceive brick-and-mortar shopping inconvenient. Additionally, when consumers identify the product as search goods rather than experience goods, their online shopping intention rises. Zhang (2008) also found in his study that product type and convenience plays a part in consumers decisions regarding consumption online versus offline. Zhang (2008) concluded that in addition to product type, the type of transaction process has a decisive power on consumers' preferences for offline and online channels.

Depending on the age of the consumer, the attitude towards consuming online vs offline varies. Lalwani (2016) found that young consumers prefer to use online channels to gather product information and offline channels for product acquision. This is different from many older consumers who still prefer to use offline channels for both information gathering and product acquiring (Kennedy and Kessler, 2012). Like older consumers, children prefer to use offline channels (Boulay et al., 2014). This because physical stores provide with instant gratification and variety. The offline retail experience is a fun activity for children due to them being able to try out and test products on site. Furthermore, Boulay et al. (2014) found that children express a very negative perception of online shopping, considering it to be dishonest, choice limited and expensive. Having to wait for delivery of the product is also

viewed as a deterrent. Building on the age factor further is Kolyesnikova et al. (2015) who are looking at the relationship between age, product knowledge and product involvement. Kolyesnikova et al. (2015) found that subjective product knowledge positively relates to consumers use of virtual purchase venues. Contrarily, objective knowledge negatively relates to consumers use of virtual venues, but positively related to the use of physical purchase venues. Regarding product involvement and age, the relationship is positive between them and subjective and objective knowledge. Furthermore, there is an indirect and positive relationship between purchase venue choices, product involvement and age.

The gender of the consumer is another factor which influences the decision to consume online vs offline. Li and Dalen (2012) found that, on average, men have a more encouraging attitude towards online purchasing compared to women. Men are also more likely to plan future online purchases than women. This because women are more risk averse than men and thus more concerned about the risks of purchasing online. Contradicting the arguments by Li and Dalen (2012) are Gupta (2015), who in her study argues that females are the gender which prefers to purchase online more than men. However, according to the study by McKay-Nesbitt and Ryan (2015), the gender dominance seems to differentiate depending on the products. McKay-Nesbitt and Ryan (2015) found, for instance, that men have more online purchase intentions and more positive online purchase attitudes for hedonic products than women. McKay-Nesbitt and Ryan (2015) also found that there appear to be no gender differences in online purchase intentions or attitudes of utilitarian products.

Maziriri and Chuchu (2017) found that perceived risk influence consumers' purchase decision of a product as well as the choice of either consuming online or offline in the apparel market. For retailers of apparel to overcome the challenge of consumer resistance due to perceived risk, Maziriri and Chuchu (2017) argue that providing consumers with relevant, useful information is the key solution. Hong (2015) also found that perceived risk influences a consumer's decision, but in his case regarding the choice of an online merchant. Also, Hong (2015) found that situational involvement has a positive impact on perceived risk as well as consumers' trust expectation. Furthermore, product performance risk is positively related to consumers' trust expectation, meaning that the stronger product performance risk perception there is, the higher trust a consumer expects in an online merchant to be engaging in a transaction. According to Kollmann and Kuckertz (2012) does the level of risk aversion and service orientation in contrast to consumers' convenience orientation encourage the choice of the online channel over the offline channel. McKay-Nesbitt and Ryan (2015) found in their study a connection between product type and perceived risk. Consumers perceive that the risk is higher when purchasing hedonic products online compared to utilitarian products. McKay-Nesbitt and Ryan (2015) also found that consumers have greater online purchase intentions and online purchase attitudes towards utilitarian compared to hedonic products. However, not only does perceive risk seem to be an important factor influencing consumers' decision to consume online vs offline, but also the other end of the spectrum, perceived benefit (Yan and Dai, 2008).

A high amount of previous research on what influences a consumer's decision to consume online vs offline have been carried out with a quantitative method. Resulting in superficial conclusions which only provide information about which factors influence consumers decisions of where to consume, but not how or why. The studies are limited, due to the method used, and cannot examine underlying reasons such as thoughts and emotions. Thus, studies with a qualitative method are needed to get a deeper understanding on what influences a consumer's decision to consume either online or in a brick-and-mortar store.

## Theory

The subject of perceived risks has a long history in the marketing literature when it comes to an understanding of shopping behaviour (Garbarino and Strahilevitz, 2004). The subject is of high importance since previous research has shown that consumers tend to purchase from online stores that have high quality and low risk and therefore e-retailers should adapt their marketing strategies that focus on lowering the risks consumers might experience when shopping online (Pappas, 2016).

### Perceived risk

The definition of perceived risk can be defined as *"a combination of uncertainty plus seriousness of outcome involved''* Bauer (1967, pp. 25), or as to the level of risk, the consumers observe in their shopping decisions (Moshrefjavadi et al., 2012) that will influence consumers disposition to purchase their products online or offline.

Before finalising their shopping consumers most often evaluate the different types of risks that might be related to the decision. The level of risk influence consumers decision to purchase their products either online or through traditional brick-and-mortar stores. In which a higher risk tends to favour the purchase of products or services through brick-and-mortar stores while lover risk increases consumption online (Moshrefjavadi et al., 2012). Tong (2010) also advocate the view that risk influence the decision to consume either online or by brick-and-mortar stores and points out that online shopping is more associated to risk due to its impersonal nature and distribution channels and that higher risk decreases online shopping. Dai et al., (2014) also note that the risk of online shopping may rise due to the lack of physical access to merchandises and sales staff. In similar fashion Chiu et al., (2014) further suggests that risk is more noticeable in online shopping compared to brick-and-mortar shopping since there is a spatial and temporal detachment between buyers and sellers.

Most of the referred risks linked to online shopping can be divided into four factors. That involves financial risk (e.g. safety of credit card information), functional risk (e.g. same quality as shown on the webpage), convenience risk (e.g. ease of order and return purchased products) and non-delivery risk (e.g. the product is not delivered) (Moshrefjavadi et al., 2012). These findings are also supported by Dai et al., (2014) who suggest that online shopping involves functional and financial risks but also adds privacy risk as an influence of

the decision to consume online or offline. However, as the author points out, there is a discrepancy between researchers concerning what types of risk that have the most impact on the decision to consume online or offline and therefore an interest lies in finding what category of risk that has the highest influence.

**Financial risk**

Defined as "*the potential monetary outlay associated with the initial purchase price as well as the subsequent maintenance and repair costs of a product*" (Grewal et al., 1994, pp. 146). Financial risk is one of the most common risks related to the experience of online consumption (Arshad et al., 2015). When consuming online financial data are transmitted over the internet and risks of unauthorised parties intercepting information and causing economic loss arises (Yang et al., 2015). Consumers' knowledge of this can make them worried due to the feeling or future thought of identity theft, accumulated online fraud, manipulation of credit card information, blackmail or leaking of personal information by the vendors (Arshad et al., 2015). Thus, financial risk is the degree of uncertainty a consumer is willing to accept when purchasing a product online. Purchasing products with lower costs can reduce the level of financial risk (Keating et al., 2009). However, If the uncertainty is unacceptable for a certain product the consumer will simply turn to the traditional way of going to a brick-and-mortar store and acquire the product in question.

**Functional risk**

One major limitation for consumers purchasing online is the impossibility of trying the product before purchasing it (Thakur and Srivastava, 2015). The possibility to physically feel the product is gone and online consumers only can search for products, view pictures or videos, and compare products with each other based on the information provided by the vendor or through online feedback from other consumers (Arshad et al., 2015). The consumer is taking a risk when purchasing online and putting much trust in the seller that the product they receive is righteous as advertised and achieve their expectations. Consumers who wish to diminish the functional risk and prefer to feel the product, which can be essential in some product categories, before they purchase will, therefore, avoid online shopping and visit a brick-and-mortar store (Thakur and Srivastava, 2015). Grewal et al. (1994) define functional risk as "*the possibility of the product malfunctioning and not performing as it was designed and advertised and therefore failing to deliver the desired benefits*" (Grewal et al., 1994, pp. 145).

**Convenience risk**

Time and ease are precious resources in the increasing pace of contemporary life and the potential time sink going into the purchase of a product will worry consumers. Either if it is waiting in line at a brick-and-mortar store, a long delivery time, or if it is information gathering online. The Internet provides consumers with a sea of information about products and services as well as a variety of websites to carry out transactions (Thakur and Srivastava,

2015). Finding the right information about the product or service, learning how to use the product or service, and learning how to use specific e-retailing websites can be very time-consuming. However, there is a risk that all of the time put into researching, learning and purchasing are wasted because the product or service does not perform in regards to the consumer's expectations and thus need to be replaced (Zhang et al., 2012; Featherman and Pavlou, 2003). Simply put, convenience risk is the potential time loss associated with a consumer's bad purchasing decision.

**Non-delivery risk**

Described as the risk of having purchased merchandise lost, sent to the wrong place or damaged (Zhang et al., 2012). When the consumers worry that deliveries will not be made in time due to several causes; such as failure to deliver within the promised time frame, the goods are not appropriately handled during transportation and the goods might be damaged when being transported (Masoud, 2013). According to Claudia (2012) is the non-delivery risk a common and essential risk in online shopping due to consumers amplified fear of delayed delivery and damaged products during handling and transporting. Many consumers possessing this fear will, therefore, have fewer intentions to purchase products and services online and instead turn towards a physical brick-and-mortar store (Koyuncu and Bhattacharya, 2004).

**Privacy risk**

According to Dai et al. (2014), privacy risk can be defined as the likelihood of having personal information exposed during online transactions and shopping. Additionally, privacy risk is regarded to be one of the primary importance for many online shoppers and has a high influence on their decision to consume online or offline. According to Featherman et al. (2010), security and privacy are significant to consumers since security breaches could lead to private information such as password, address, name social security and credit card numbers landing in the hands of the wrong people. This finding is also supported by Tsai and Yeh (2010) who points out that privacy on the internet is a crucial concern when shopping online. Which is further asserted by Rapp (2009) who suggests that privacy on the internet should be a significant interest for both the buyers and the sellers because most online shoppers put forward their personal information and are willing to trust the sites they are using when shopping.

# Method

**Semi-structured Interviews**

The concept of semi-structured interviews is a predetermined set of open questions, often divided into different themes, with the opportunity to skip or add questions during the interview to explore responses or themes further (Saunders et al., 2009; Neville, 2007). The flexibility provided with semi-structured interviews and the ability to follow-up questions are

the main reasons why the method was used in this study. Semi-structured interviews provide valuable tools to deeper understand the influence perceived risk have on young consumers decision to consume either online or offline, which in turn aided in the answering of the research question.

**Gathering of data**

The guidelines set for the data collection was that the data gathered needed to regard perceived risk and its influence on young consumers' decision on consuming online or in a brick-and-mortar store. The data collection proceeded throughout one month, and ten interviews were conducted. The respondents, whom all wished to remain anonymous, were selected based on two criteria; (1) being between the age of 18 - 30, and (2) actively consumes both online and offline. The first few respondents were picked through convenience while the remaining were picked through a snowball method (i.e. a respondent directed us to other potential interviewing subjects). To provide directions for the interviews an interview guide was created beforehand. The guide (Appendix 1) contained a predetermined set of questions divided into different themes based on the study's theoretical framework and research question. All the interviews were conducted face to face and recorded. The interviews were recorded to minimise distractions such as writing down answers during the interview. A complete focus could instead be put on what the respondents were saying which resulted in a more relevant conversation with good follow-up questions. The duration of the interviews varied because each interview proceeded until an adequate amount of data was collected. Average interview duration was around 45 minutes. Each interview was transcribed after it was conducted

**Analysis of data**

Once the data was gathered, it was inserted into a document where it was sorted into different themes based on the theoretical framework. The themes consisted of six different groups, of which one group was more general (i.e. perceived risk) while the others were more focused (i.e. financial risk, functional risk, convenience risk, non-deliver risk, and privacy risk). The theme-based structure provided with a suitable overview of when the analysis was executed. Moreover, after the last piece of data was collected, all gathered data was assessed to see if the amount of data gathered was enough for a productive analysis. According to Elo and Kyngäs (2008) is this step essential to carry out before the analysis process begins. Because if there is a lacking in gathered data the analysis will be challenging to perform and the result will lose credibility.

**Trustworthiness**

The concept of trustworthiness regards how reliable the results are due to the method of data collection and the analysis (Thornberg and Fejes, 2009). To increase the trustworthiness of this study the interview guide was carefully developed with the theoretical framework and research question in mind. To test the interview guide, a pilot interview was made. This aided

the development of the interview guide further due to questions were rephrased, added and removed. This also provided with an increased assurance that the gathered data were relevant materials which in turn could respond to the purpose and issues given. Furthermore, will it most definitely increase the validity of the study because the concept of validity regards the extent to which the research and the methods used to measure what the study intends to study (Djurfeldt et al., 2010). The empirical data was gathered systematically and thoroughly throughout the whole process; therefore, the interpretations are as credible and reasonable as possible. An immense emphasis was placed on the analysis, and the material was checked in several steps. During the analysis of the gathered data, the researchers stayed objective, which according to Elo and Kyngäs (2008) will increase the trustworthiness of the study. By describing the analysis process and results in a clear and comprehensive way this study demonstrates how its conclusions, based on the theoretical framework and the empirical material, were drawn. Moreover, the result consists of representative quotes, carefully selected, from the gathered data, which increased the trustworthiness of the study (Elo and Kyngäs, 2008).

## Analysis

The analysis is divided into the different risks presented in the theoretical framework. Which will provide a clear overview as well as aid in the analysis and explanation of what the respondents of the interviews have discussed.

### Financial risk

Financial risk was often brought up and discussed during the interviews as a significant factor influencing the respondents' decisions to either consume online or in a brick-and-mortar store. Thus, supporting Arshad et al.'s (2015) proposition that it is one of the most common risks. The reason behind the factor's significant influence is because it regards an individual's economic resources and the risk involved in spending them, as indicated by the respondents' answers. Likely playing an extra important role to the respondents due to them being of younger age and therefore having a more limited economy compared to older consumers. Respondent F explained that the price of the product influences the decision of consuming online or offline and in most cases, he or she will turn to an online store because it offers the best price. This is also something which could be seen with the other respondents:

*"The price makes me choose online over offline."*
*- Respondent G*

*"Last summer I went to a physical store and tried on some sandals but bought them online because it was cheaper."*
*- Respondent I*

*"It feels like 90% of the time online stores offer better prices than offline stores. That is one of the downsides of offline stores, they have to charge a higher price than online stores."*
*- Respondent B*

The respondents tend to turn to online stores because they offer better prices compared to offline stores. The reason for this is most likely because if they spend less money on the product, the level of financial risk reduces as argued by Keating et al. (2009). As seen by Respondent I's response, he or she had made the decision to consume sandals offline but when he or she found out that they could be consumed online for a better price, the change of channel seemed to be an obvious choice. There were no hesitations or arguments, the action was a logical outcome and If the table would have been turned (i.e. the offline store had offered better price), Respondent I would most definitely had consumed the product offline instead. Likewise Respondent I's response, the other respondents also seemed to be dominated by price when deciding to consume online or offline. The word *made* was often mentioned, in the way that the price made the respondents to consume where they could find the best price, like they were forced by an invisible power.

Leaving financial information online such as credit card number is something most of the respondents feel insecure about. The thought of a possible economic loss due to e.g. accumulated online fraud and manipulation of credit card information as argued by Yang et al. (2015) and Arshad et al. (2015) worries the respondents. This most likely because when they are leaving their financial information on a website, they no longer have full control over it. The information is now out there in someone else's hands and who knows what can happen. Respondent E explains that he or she does not like the idea to give credit card information when shopping online and that the website can recognise his or her credit card. This because it feels like the online store or an unauthorised party can take money from his or her bank. The feeling of not having any control over it and the amount of money withdrawn worries Respondent E. This way of thinking could also be seen with the other respondents:

*"I would not really save my bankcard on a webpage and the reason for that is because you are always afraid of that the webpage could be hacked and that the information would be exposed."*
*- Respondent A*

*"I usually pay by invoice because in that way I don't have to leave my credit card information online."*
*- Respondent I*

*"It is important to check that the online shop is following the right payment policies, that they are verified and not a scam."*
*- Respondent H*

When the respondents shop in a brick-and-mortar store, they feel safer giving their financial information because they are under the impression that they have control. The respondents do not seem to be worried about using their pin code in the offline store and that someone can see them doing it. They also do not seem to worry about using their credit card in the machine in the offline store, which is interesting since it is connected to the same payment system as the online store. The reason for why they put more trust in a brick-and-mortar store, in regards to their financial information, compared to an online store could be because there is something physical or someone, a person they can turn to if something where about to happen. For instance, Respondent D and Respondent F put it in the following way:

*"I have more trust in the system when I shop offline because when I put my credit card in the machine I have to press my pin code and it feels more secure. I have control over the situation. Nothing is going to happen before I press the numbers."*
*- Respondent D*

*"I feel safer when I purchase offline because I get the product in my hand before I pay. It feels safer that way."*
*- Respondent F*

An interesting remark from both Respondent D's and Respondent F's responses is the emphasis on the feeling of security. This was also something emphasised by the other respondents when financial risk was discussed. Words like safe, trustworthy and serious used in the way that the store needed to feel e.g. trustworthy were often mentioned. Thus, indicating that the sense of security is prominent for the respondents when considering where to consume.

Even if the respondents feel that it is safer giving financial information in brick-and-mortar stores, it does not influence them enough from turning away from online stores completely. Most of the respondents consume products online up to a certain price ceiling. They have no problems consuming low to medium price ranged products online, but when they are to consume high ranged products, they instead turn to brick-and-mortar stores. The reason for this seems to be the amount of money involved. They are willing to take the financial risk online until the potential money loss is unacceptable. Respondent A explained that he or she only buy products online whose are not too expensive. This mindset could also be seen with the other respondents:

*"I bought a motorbike offline. I didn't buy it online because it is too much money and it feels insecure. I want to know that the money goes to the right place."*
*- Respondent H*

*"If it is very expensive, I will choose an offline store."*
*- Respondent C*

As such price and the feeling of security plays important parts when it comes to financial risk. Online stores seem to have an advantage in comparison to brick-and-mortar stores regarding consumption of lower to medium ranged products due to lower prices which brick-and-mortar stores are unable to offer. While more expensive products are likely to be consumed in brick-and-mortar stores because they feel more secure when it comes to transactions of products with higher monetary value.

**Functional Risk**

*"When I was looking to buy a computer online, I got really anxious because what if it wasn't going to work? What if they gave me the leftovers? Because you don't really know what you can get when you buy online."*
*- Respondent D*

Throughout the interviews, the functional risk was a recurring topic and thus seem to be an essential factor to the respondents when they are deciding between consuming online or in a brick-and-mortar store. The respondents feel that It is crucial to gather information about the product they intend to buy. It is a natural first step for them because they likely feel that it will reduce the functional risk. Information gathering was the first thing the respondents mentioned, without a thought, when they were asked to describe their process for purchasing a product. Like it was an obvious thing to do because how else would they know which product to purchase and if it would satisfy their needs? Blindly purchasing a product does not seem to be an option based on the respondents' answers. Simply because the functional risk is too high. Respondent F explained that it is imperative to gather information about the product because he or she does not want to buy something which he or she will be unsatisfied with. Similar thoughts were expressed by the other respondents:

*"You spend time to search and gather information about a product because you want to be certain that you make the right choice. You want to feel safe about it."*
*- Respondent B*

*"When I bought my headphones, I needed to find out which type fits me best. I therefore read several reviews about similar products to decide which one to buy."*
*-Respondent G*

It is apparent that the respondents were in accordance with the importance of gathering information about products they buy. However, when the respondents were asked about how and where they gathered product information, many different answers were given. Some of the respondents preferred to gather product information online while others preferred to do it in a brick-and-mortar store. There were even some who preferred to do both.

*"I feel that offline stores can help people that don't have expertise but I feel like you can research that information yourself online and make a better purchase than offline."*

*- Respondent B*

*"When I am buying products, I usually read the product specifications and purchase after that. I therefore turn to online shopping because most of the time the offline stores don't offer that possibility."*
*- Respondent G*

*"I sometimes look up products online, take a screenshot of the products I find interesting and then I go to the store looking for them specifically."*
*- Respondent D*

*"Often when I am in a physical store I use my phone to find information online about the product."*
*- Respondent H*

*"I bought hair products offline and the shop assistant was nice and explained to me which product the best for my type of hair was. I don't think I can get that information online, like personal information."*
*- Respondent E*

The different limitations of product information available either online or in a brick-and-mortar store, mentioned by Arshad et al. (2015) and Thakur and Srivastava (2015), could be one explanation of the respondents' various preferences. Another explanation could be due to it being very personal. The preference most likely depends on, e.g. previous experiences and how one was taught to perform the product information gathering process. However, the decision of where to gather product information seem to influence the decision of where to consume the product (i.e. online or in a brick-and-mortar store). This because most of the respondents consumed the product in the same setting as they gathered information about it.

When the respondents were asked about what kind of products they consume online and in a brick-and-mortar store, a pattern could be seen. Most of the respondent preferred to consume solid products (i.e. products which do not require much customisation) online, but when it came to products like clothing, comestibles and furnishing, they would turn to a brick-and-mortar store. This because they feel the need to try and touch those kinds of products before consuming them. This need was expressed by the respondents in such a way that it seemed they had no choice in the matter. Like something forced them to do this, telling them that unless they go to a brick-and-mortar store and feel and try the product they cannot purchase it. The functional risk simply becomes too high for consuming those kinds of products online due to the impossibility of trying the products before consuming them (Thakur and Srivastava, 2015; Dai et al., 2014). Therefore, product type influences the decision of consuming online or offline. Respondent B explained that when he or she purchased a mobile phone online, there was a need to go to a brick-and-mortar store and try the phone out, hold it in the hand to feel the comfort and quality, scroll through its menus to see its response time and go through it settings. This way of thinking could also be seen by the other respondents:

*"When I'm buying clothes in the offline store, I can try them on, but when I'm shopping online I cannot. In online shopping there is the risk of receiving a product that doesn't fit your body dimensions."*
*- Respondent A*

*"Sometimes I feel that online stores have insufficient product information and in physical stores, you can try, test, feel, and look at the products and be 100% certain of what you get. This makes me turn to physical stores, when I need to be confident that I get the right sizes."*
*- Respondent D*

*"I bought a bottle of perfume offline because I needed to smell it and compare it with other perfumes."*
*- Respondent C*

*"I buy for example furnishing products, hygiene products and food offline because I feel that there is no practical way of buying them online. I need to view them in reality to be able to get a correct perception."*
*- Respondent J*

The product offering also seems to play a part in the decision to either consume online or in a brick-and-mortar store. Many respondents felt that they had more products to choose from when they were consuming online. Thus, giving them the possibility to find a product matching more specific criteria. Which in most cases is impossible in a brick-and-mortar store due to its limited product offering.

*"I don't feel that the sales personal, in offline stores, is trustworthy in some cases. They are just trying to sell you some product which is not that good because you are forced to some restricted options. But when you purchase online you have more product to choose from."*
*- Respondent B*

*"Offline stores have a limited amount of products and they usually only offer products which provide just good enough performance because it saves them money. That's why I turn to online shopping because I can find high performance products."*
*- Respondent G*

To sum up, online stores seem to have an advantage over brick-and-mortar stores when it comes to product offering and consumption of solid products. However, for products where consumers have the need to feel and test the product before purchase, online stores have a vast disadvantage because they cannot offer a physical product to try out (Thakur and Srivastava, 2015; Dai et al., 2014). Thus, brick-and-mortar stores still have an important role to play due to them being able to offer their customers the possibility of trying products before purchase. Providing their customers with the feeling of a sense of security that they will be satisfied with the products they purchase.

**Convenience risk**

During the interviews, convenience risk was often discussed by the respondents who felt that it played a significant role in their behaviour and response to consuming online or offline. Moreover, concerns were expressed about the time spent listening to salesperson advice or finding the information online for themselves helped them make the right purchasing decision.

*"If I ask the sales staff I want to get the feeling they know what they talk about."*
*- Respondent J*

*"For example, when I bought my graduation dress, I had to put in a lot of time and effort into going through different fashion and clothing websites. The process also included looking at different images, reviews on items and websites. You also look at the comment session since people using the websites post pictures on how the dresses look in real life. So you do all this to be certain you get what you desire."*
*- Respondent D*

One of the stated reasons for why turning to online shopping instead of going to brick-and-mortar stores when making purchases was the likelihood of having a higher risk of wasting time. For instance, Respondent E mentioned that when he or she is going to brick-and-mortar stores such as H&M or Zara, they are usually crowded with people. Resulting in waiting lines for the changing rooms, making it time consuming to try on clothes and returning them to the shelves. Also, Respondent E feels that he or she cannot compare as many items in a brick-and-mortar store as in an online store. In similar fashion, respondent C explains that he or she feels that the time issue is larger with brick-and-mortar stores due to the time it takes to travel to them.

*"If I go to the shops in my city it can usually take half a day which is time I don't really have."*
*- Respondent A*

Many of the respondents spend a considerable amount of time researching the products or services they are interested in which some mentioned it could even take up to days before they were comfortable with purchasing a product. This likely have to do with the large amount of options of not only products or services but also the different websites that they are able to purchase from online. As respondent C describes, he or she can spend up to three days going through different websites and product catalogues online. Since he or she wants to see all the comments, pictures of the clothes, additionally watch videos when models do catwalks using the clothes.

*"The last product I bought online was a sink strainer from AliExpress. It took almost two weeks for me to research the product before I was comfortable buying it."*
*- Respondent E*

Zhang et al. (2012) argues that many consumers feel a risk exists of that the amount of time they spend on researching the product will be wasted since it created exceptions that might not be fulfilled when they received the product after purchase. Nevertheless, many of the respondents felt that the time they put into researching about the products or services online was time well spent and didn't perceive there to be a considerable risk that the research would be wasted. Some even suggested they feel it to be very easy and flexible when searching online when they can use different price comparison websites that helps them evaluate the items they want to buy. Also, being able to do it on different devices, either it be on the go with a mobile device or at the computer, contributed largely to their preference of purchasing online. As such this seems to be a major reason for why they would decide to consume online instead of offline, that the positive aspects of the convenience online outweigh the downside of risks that might be involved.

*"I think it is flexible to purchase online, you can do it during any time of the day."*
*- Respondent A*

*"When doing online shopping, you can easily compare for example the price of the things you are interested in buying, with just a few clicks of the mouse."*
*- Respondent C*

*"I feel that I get a better price and service online in comparison to offline, and it is convenient to get the products delivered to your home or nearby."*
*- Respondent F*

One way to lower the risks of wasting time was to find either websites or brick-and-mortar stores that became their favourites and which they continued to use every time they decided to purchase something. This made the respondents feel comfortable with their purchases and that they could rely on that company will deliver on their promises. Respondent A explained that he or she kept using the same webpages and physical store since trying new ones could be stressful since you don't know if they would deliver on their promises. Likewise, respondent B shared similar thoughts saying the he or she felt comfortable about using stores both online and offline he or she had used before but also that friends' recommendations helped him or her being more secure.

As such convenience risk is not only limited to the consumer's perceived risk of ending up wasting time but also equally important the understanding of and ability to use tools and methods combating the threats that might present itself. Online websites can also make consumers feel comfortable if they are transparent about their products and also are represented on different websites (e.g. price comparison websites or google search) in which many other consumers comments and review the different companies. More concerns for consumers wasting time can be emphasised towards brick-and-mortar stores due to the higher risk of wasting time in queues in comparison to time spent on researching products when purchasing online.

**Non-delivery risk**

Many of the respondents did not express non-delivery to be a significant risk they experienced when consuming online. Most of them were confident that the item they ordered online would be delivered on time without any damages. Thus, the respondents' feelings towards non-delivery risk are the opposite to them asserted by Claudia (2012) who states that non-delivery is a common risk that many consumers feel when making their purchase online.

*"I am not that worried about it. I expect that everything will go as planned."*
*- Respondent H*

*"I have not had the problem in which I feel there is a risk the item will not get delivered."*
*- Respondent J*

*"I am not so concerned about that the product will not be delivered."*
*- Respondent C*

When asked about why they have such large trust on the delivery system many of them answered that if there would be any issues with damaged items or non-deliverance they could return the items from where they bought them. This likely has to do with that many websites offer this type of security and have made it so that their customers can easily return goods without paying any fees. Moreover, most of the online websites offer a service in which the buyers can track their packages or orders and see the route it takes when being transported. However, at times when the respondents felt that there were an urgency of getting the items, they would purchase the products from a brick-and-mortar store instead. For instance, Respondent C mentioned that when he or she need to travel somewhere and, in a hurry, he or she is worried that the product will not be delivered in time.

*"For example, when I need to buy a gift for my girlfriend and need it in a short time span I would purchase it offline."*
*- Respondent B*

Moreover, if there were some special items such as food or drinks the respondents turned to brick-and-mortar stores. For instance, Respondent E said that he or she would rather purchase those kinds of products offline to be certain they stay fresh. Another thing that was mentioned as what might cause concerns with delivery was if they had not previously used the website. This was due to the feeling of not knowing if the company will deliver on their promises on a smooth delivery without any damages. Respondent F gave the example of when he or she tried to purchase gaming code online and from a slightly unknown company.

*"After I purchased the code I did not get it within the timeframe that was promised and since I never used this company before I became anxious that I would not get my product at all."*
*- Respondent F*

*"If the website is not well known you get a bit worried that the product might not arrive in time."*
*- Respondent D*

The respondents also described that most of the time they use the standard way of getting a delivery instead of choosing to pay extra for a faster one. The reason behind this was that most of them felt that the delivery time was fast enough. Thus, paying extra for faster delivery was an unnecessary expense which did not increase the satisfactory factor enough. The respondents would rather take the risk of having a slower delivery than paying the extra fee that comes with a faster delivery time.

*"I always choose the cheaper and slower delivery. I think it suits me better because I do not feel it is worth paying the double price for getting it delivered faster."*
*- Respondent I*

*"I do not think that much about the delivery system, but a catalyst for ordering online is that you do not have to pay any fees to get the product delivered to your home."*
*- Respondent G*

At times when the respondents lived close to bigger cities, they preferred purchasing in a brick-and-mortar store since they were able to get the product in their hands directly. As respondent D describes, there are even some online stores that have brick-and-mortar stores that offer the same prices as the online one. Thus, he or she could avoid the risk of getting a late delivery and still get a product to a more favourable price.

The non-delivery risk does not appear to be that highly deterrent factor for young consumers decision to consume either online or offline. Since it does not only create relative to little concern among consumers but also the websites provide a sense of security with their guarantees if the products would not arrive on time or are damaged. However, equally, that the time it takes to travel to brick-and-mortar stores, advantages is limited to if they are in proximity to the consumers home. Moreover, there is a feeling that the benefits provided by shopping online outweigh the risk of not having the product delivered.

**Privacy risk**

When the respondents were asked how they feel about their privacy when shopping some of them expressed concerns they had at times when using online stores. Respondent D described how he or she is worried that the websites used for shopping might be vulnerable to a security breach that could result in having their information landing in the hands of the wrong people. As a result of this potential risk, some of the respondents avoided saving personal information on the websites and preferred to re-enter the details about themselves at each shopping occasion. These responses are similar to the findings of Feather et al. (2010), that potential security breaches in which password, address, name and social security might be accessed by an unwanted party create concerns when shopping online. Likely the increased news feeds on

different types of frauds online has increased the awareness consumers have of sharing their private information online.

*"I usually don't let the companies save personal information about myself because it makes me feel unsafe".*
*- Respondent E*

*"I prefer to enter my details upon shopping instead of saving that information."*
*- Respondent C*

Nevertheless, others felt it is convenient to have the information saved since then they did not need to re-enter the details every time they shopped. Especially on websites they had used on several occasions and felt comfortable with using. Alternatively, some of them argued that it is only basic information that anyone can find by doing a simple Google search.

*"When I am doing shopping online, I think it is practical they know my personal information, so I do not have to fill it in every single time."*
*- Respondent F*

*"It is common information, so it does not worry me that much."*
*- Respondent A*

Also, respondent H mentioned that he or she tends to purchase from online stores that have a high ranking on price comparison sites or placed highly in Google search results. In similar fashion, Respondent I said that they would feel more secure shopping from websites with high ranking since many people are likely using it then. Knowing that many consumers prefer to use a certain website acted as a safety measure in their decision to consume online. This indicates that the respondents place large trust on Google's ranking system and on the different price comparison websites when deciding from which online store to consume. Websites that were promoted on the different type of traditional media as TV, magazines or newspapers also increased their perceived security about using them. However, there were at times the respondents felt that they would be more secure going to a brick-and-mortar store instead, since interacting with sales staff or having a place they know they could go to if they had problems made them feel more in control.

*"I feel more secure about a brick-and-mortar store having information about me."*
*- Respondent I*

*"I am not giving up my personal information online because I do not have a physical person I can see handling my information".*
*- Respondent J*

To sum up, privacy does create not only the emotion of anxiety among the consumer, but also irritation and hopelessness if the private information falls into the wrong hands. However, it is

not only concerned with negative emotions but can also provide flexibility and improved service from companies the consumers feel secure with having used them before. This is especially true when it comes to brick-and-mortar stores since having physical contact with a sales person, or a place the consumers can go makes them feel more relieved and comfortable.

## Discussion

Our findings suggest that three risks were prominent than others as an influence on the respondents shopping behaviour. The three prominent risks include financial, functional and convenience risk. While factors such as non-delivery and privacy risk play minor parts.

When it comes to financial risk online stores seems to have a disadvantage in comparison to brick-and-mortar stores regarding high end/luxury products. Products with higher monetary value presents itself with higher risk, and as a response, those are preferred to be consumed in a brick-and-mortar store. While lower to medium range products are likely to be consumed in online stores because of the lower prices which brick-and-mortar stores are not able offer.

Brick-and-mortar stores still have an important role to play when it comes to being able to offer their customers the ability to try the products before purchasing it. This possibility provides consumers with the feeling of a sense of security that they will be satisfied with the products they purchase. However, this depends on what type of product and what knowledge the consumers have about it. When it comes to items such as hair products, perfume, and skincare where consumers need to be certain of getting the right product, they find it much easier to turn towards brick-and-mortar stores. This because sales staff there are able to advise products based on e.g. the different skin or hair type. As such functional risk plays a vital part in the decision to purchase online or offline.

Online stores seem to have an advantage in comparison to brick-and-mortar stores when it comes to convenience risk. Consumers turn to online stores because they offer them the possibility to order products from home or on the move as well as having them delivered to the door without any restrictions such as opening times. The risk of wasting time is higher when consuming in brick-and-mortar stores due to the requirement of physically visiting them. There are also, in many cases, other consumers at the store which slows down the consumption process.

The reason for why non-delivery risk might not be a deciding factor in the decision to consume online or offline is that many websites provide security by making it easier for consumers to return their order if they did not like it or if it is damaged. Also giving the consumers the option to track their delivery in real time and that they do not have to pay any fees for returning the goods makes sure that they will not turn to brick-and-mortar stores to purchase their items instead.

The risk of having private information exposed does not seem to be an influential factor in this study. As a way of avoiding this risk, consumers can either use price comparison webpages to look at the rank, reviews and comments on different websites when purchasing online. Google search can also be used as a tool in which companies that are placed higher on the list lowers the perceived risk of having private information exposed.

Previous research suggests that all of the risks included in the theory (i.e. financial, functional, convenience, non-delivery and privacy) are all important factors. However, our findings suggest that even all of the risks were mentioned, financial, functional and convenience risk were deemed more important in the decision to consume either online or offline.

The findings of this paper provide a deeper understanding and insight on how perceived risk influence young consumers' decision to consume online or offline. However, due to limited time, boundaries needed to be set. Perceived risk contains of many different factors and this paper examines only a couple of them. Also, the number of respondents in this paper may not be a sufficient number enough to draw any generalised conclusions when it comes to perceived risk and its influence on young consumers' decision making between online and offline. Therefore, future research on the subject is necessary. Either by the same method or through another such as focus groups to be able to dig even deeper. Furthermore, future research can examine consumers with other criteria such as gender or location. Other factors which potentially influence consumers' decision to either consume online or in a brick-and-mortar store can also be studied.

## Conclusion

With the information gathered from the interviews, three risks were prominent than others as an influence on the respondents' shopping behaviour. Therefore, a recommendation for companies trying to accommodate to the developments in the market is to concentrate on these factors to tailor into younger consumers' preferences. Namely functional, financial and convenience risk as these appears to have a more notable effect on young consumers' choice to either shop online or offline. However, equally important having an understanding of what type of negative emotions such as an anger fear, disappointment that comes if these risks are too high.

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# Appendix 1 - Interview guide

**Perceived risk**

What is important for you to do before you purchase a product online?

What is important for you to do before you purchase a product offline?

Tell me about your last online purchase. What made you purchase the product online instead of offline?

Tell me about your last offline purchase. What made you purchase the product offline instead of online?

Do you feel that you are putting more time and effort into online shopping compared to offline shopping? Why? Why not?

Do you feel that you shop more online than offline? Why? Why not?

Has anything prohibited you from shopping online? Why? Why not?

Have you ever been anxious about shopping online? Why?

**Financial risk**

What kind of products do you buy online? Why?

What kind of products do you buy offline? Why?

How do you make sure that a webpage is secure for you?

When it comes to online shopping do you feel that webpages provide the security you need to fulfil purchases? Why? Why not?

In your experience do you let the online store save your personal information when shopping online? Why? Why not?

**Functional risk**

How important is it for you to feel, try the product before you purchase it online? Why? Why not? Has it prohibited you from buying a product online?

Do you fear that the products appearance online does not match with it in reality? Why? Why not?

Have you ever bought anything online which turned out to be different from your expectations? How did it make you feel?

Could you tell me how the last product you bought online matched the information presented on the website?

**Convenience risk**

Do you prefer to research information (online) about the product yourself or to talk to a seller in a brick-and-mortar store before buying? Do you feel that you put in more time than necessary?

How much time do you usually put into researching a product or service before purchase? And if the product doesn't meet the expectations, how do you feel based on the time you put in researching it?

Has a complicated to use website put you off from buying a product? Why? Why not?

Which type of delivery do you usually choose when ordering online?

**Non-delivery risk**

How worried are you that products you purchase online won't get delivered to you or are damaged upon delivery? Why? Why not?

Do you have different expectations on different delivery methods? Why? Why not?

How was the delivery experience last time you ordered something online?

**Privacy risk**

What kind of payment method do you use when shopping online?

When you are paying offline, which payment method do you usually use?

What kind of websites to you usually use when you purchase products online?

Have you ever signed up and/or registered on websites for e.g. receiving product offers or faster purchases? Why? Why not?