

# The Effects of Risk Reduction Strategies on Consumer' s Risk Perception and Online Purchase Intention

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## Abstract

In pace with the leaps on technology, Internet has been a burning topic in the recent years- it has not only brought electronic commerce to the prosperity, but also created a new transaction model. The most noteworthy part of online shopping is its virtual operation. For consumers who are used to shopping at brick-and-mortar stores, they would perceive a higher risk for shopping online along with their purchase intention that has consequently been influenced. The purpose of this study is to explore how the two risk reduction strategies - brand awareness and abundant information of the product - affect consumers' risk perception and online purchase intention, and whether the effects are amplified by product category and online shopping experience. Through this research by means of analysis and discussion, we hope to understand consumers' purchasing behavior on the Internet and to provide suggestions and references to enterprises upon their entry into online commercial industry.

This study employs 2\*2\*2 factorial design and then uses t-test, ANOVA, and regression analysis as analytic tools. The results are as follows:

(1)The higher the degree of brand awareness, the lower the consumers' perceived risk and higher the online purchase intention will be. (2)The higher the degree of richness for the information, the lower the consumers' perceived risk and higher the online purchase intention will be.

(3)Consumers' experience of online shopping would influence consumers' perceived risk. If consumers have the experience of online shopping, they would perceive lower risks than those who don't have any experience of online shopping at all.

Keyword : Internet Marketing, Perceived Risk, Brand Awareness