

**The Risk Minimizing Strategy Adopted by Consumers While
Purchasing a Laptop: An Exploratory Approach**



Bachelor's thesis
Valkeakoski Campus,
International Business (BBA)
Spring semester, 2023
Inderjit Singh

Name of Degree Programme: BBA International Business

Abstract

Author: Inderjit Singh

Year 2023

Subject: The Risk Minimizing Strategy Adopted by Consumers While Purchasing a Laptop:
An Exploratory Approach

Supervisor: Dr. Sajal Kabiraj

This thesis is aimed at investigating the factors influencing consumer decision-making when purchasing a laptop in the market, with a focus on understanding the role of risk perception and the strategies employed by consumers to minimize the risks during the actual purchase stage of buying behavior. Recognizing the significance of perceived risk in consumer behavior, this research tries to contribute to the formulation of effective marketing strategies in the laptop industry.

To explore the complexities of consumer decision-making of purchase, this research draws upon existing theories of consumer behavior. By establishing a theoretical framework, this study aims to enhance the understanding of the relationship between theoretical concepts and the real-world decision-making process. Moreover, this research adopts both a qualitative as well quantitative research approach to collect and analyze data by employing a survey through a questionnaire. The data is gathered from a randomly selected sample representing the target population. The collection of objective and numerical data is carried out along with conducting statistical analysis to uncover patterns and trends in consumer behavior in reference to risk-minimizing endeavors.

This research encompasses functional, physical, financial, time, social, and psychological risks associated with the purchase of a laptop, considering their varying degrees of importance across different consumer segments. Furthermore, examining the strategies employed by consumers, such as price choice, store choice, and brand choice enables the revelation of strategies used to minimize risk and make informed and rational purchase decisions. The findings of this thesis may provide practical insights for marketers seeking to enhance their understanding of the consumer decision-making process in the laptop industry.

Keywords *Consumer Behavior, Consumer Decision-Making Procedure, Risk, Perceived Risk, Laptop*

Pages 56 pages and appendices 3 pages

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Appendix 1. Survey Questionnaire

Appendix 2. Unstructured Interview with the proprietor

1 Introduction

Computer devices like laptops have revolutionized society and become part and parcel of our everyday lives. The technology has penetrated all sectors, including but not limited to banking, agriculture, mining, transportation, research, defense, medical services, accounting, and communications with jobs that were previously manual, repetitive, dangerous, and demanding getting automated (Stankevich,2017). Laptops are portable, stylish, and highly effective computing devices. As the device is more portable it makes it easier to work from home, the office accomplishes school and college tasks as well as view multimedia content. With so much of desirable functions of this portable device, anyone can find some use for these computers, whether it is for business, work, learning, or play.

There are decisive studies conducted on the purchase decision models in the literature, however, consumer decisions vary greatly depending on the product to be purchased. therefore, sectoral studies are needed to portray the factors affecting consumer purchase decisions. According to the personal computer market share, Lenovo (24.1%) is the most preferred laptop among users followed by HP Inc (19.4%), Dell (17.5%), Apple (9.8%), Asus (7.2%), Acer (6.5%) and others (15.5%) holding the market share (Aslop, 2023). The revenue generated from the laptop surpassed the desktops as the selling price of laptops is higher than that of the desktop.

In addition, the launch of new products in the market, the rapid development in nanotechnology, and the integrated wireless networking make it vital for the companies to understand the underlying factors that motivate consumers to purchase laptops and make the choice from the competitors. In practical terms, questions such as: How do consumers learn about new products? What elements to include in the marketing mix to motivate consumers to learn more about the product or to buy it? What kinds of information are consumers good at remembering? How can consumer memory be aided by brand name and product features? What makes consumers evaluate products as good or bad, and how can consumers be persuaded that a certain product is better than another? How do consumers choose our product over competitors? What determines whether consumers are satisfied with a product?

are important to find answers to understand the factors that motivate while purchasing the product.

1.1 Background of the Commissioning Company X

Commissioning Company X is a well-known electronics company based in Chandigarh, India. To provide customers with the latest electronic gadgets, the company has carved out a niche in the industry. With a strong emphasis on quality and innovation, Company X has become the go-to destination for people looking for the most up-to-date and dependable electronic products. Company X specializes in mobile phones and laptop computers. Company X provides a diverse range of technologically advanced devices to meet the needs of its customers. The company takes pride in being an authorized seller of popular laptop brands such as Apple MacBook, Acer, Asus, HP, Dell, and Lenovo, ensuring that its customers have access to high-quality products from well-known manufacturers. Company X can maintain a robust inventory and offer an extensive selection of laptops to suit various budgets and requirements by developing strong partnerships with popular brands. Company X has a reputation for providing excellent customer service and a strong commitment to customer satisfaction. With a dedicated team of knowledgeable professionals, Company X strives to deliver a seamless purchasing experience and promote long-term relationships with its customers.

Company X, based in Chandigarh, India, has a strategic geographical advantage, serving customers not only in the local area but also throughout the city. The physical store of the company provides a welcoming and convenient environment for customers to explore and experience the latest electronic gadgets first hand. As an authorized seller of the most popular laptop brands, the company is dedicated to providing high-quality products, excellent customer service, and a simple purchasing process. Company X thrives in the competitive electronics market due to its strategic location and good service.

1.2 Background of the research

When, a consumer chooses to buy and with all kinds of choices available, what makes a consumer choose one product rather than from company X? Consumer behavior reflects consumer decisions concerning the acquisition, consumption, and disposition of goods and services. It involves the study of how individuals make decisions to spend their available resources on products and services. To answer questions like these, the interactions between the consumer's decisions making process, the marketing mix, and the environmental variables such as culture, demographics, and public policy are examined. The processes of perception, learning and memory, motivation, attitude formation, attitude change, and decision-making are explored to understand the psychology of how consumers think, feel, reason, and select between alternatives. The influence of marketing actions such as branding, advertising and promotion, retail store influence, assurance of the product, and product positioning is examined to understand how marketing strategies work.

Consumer behavior reflects consumer decisions regarding the choices the consumer makes while obtaining, using and getting rid of the goods and services. It involves the study of how individuals make decisions to spend their available resources on products and services (Solomon et al., 2012). Customers use various approaches for making purchase decisions. People face risk whenever they encounter purchase decisions. However, the type of risk depends on the nature of the product. People face more risk in high-involvement products compared with low-involvement products (Bauer, 1960). Buyers face more risk that involves high involvement contrasted to the product that requires low involvement (Taylor, 1974). But it does not imply that they do not encounter risk in the low involvement products, it simply states that the risk involved in such products is lower compared to the other.

Researchers have focused on brand, information search, and reassurance as the prominent strategy people choose to minimize their perceived risk (Bauer 1960). Various researchers have focused on different strategies that people will choose to make decisions. Which is the most preferred is always a major question for marketers. Moreover, nowadays laptops have been an indispensable part of life. It is of various needs for professional as well as personal life.

This research provides insights into the prominent strategies used by people while choosing laptops and evaluated strategies based on risk-minimizing behaviors adopted by the consumers.

1.3 Aim of the research

This thesis evaluates the consumer buying process while buying a laptop and the risk involved in making a such purchase decision. There are many risks involved in the consumer decision process, this research especially addresses the perceived risk involved in the process and the strategies consumers adopt to minimize this risk while buying a laptop.

1.4 Research question

Generally, there are various ways of reducing risk while selecting a product. This research primarily aims at finding out which strategy is prominent among customers. What factor they choose to make their final purchase decision is the focus of this research.

The main research question of the thesis is:

- What are the strategies people use to reduce perceived risk associated with purchase decisions?

The sub question of the thesis is:

- What are the decision-making factors being considered by the consumer while buying laptops and how does it influence consumer behavior?

1.5 The rationale for the study

Customers use various approaches for making purchase decisions, as they face risk whenever they encounter purchase decisions. However, the type of risk depends on the nature of the product. People face more risk in high-involvement products compared with low-involvement products. It doesn't mean that they don't face risk in low-involvement products. But the degree of the risk is low in low-involvement products (stavins,1995).

Electronic products have been an indispensable part of the present human life, especially computing technologies (Stavins, 1995) Laptops are found in every individual house. People use the internet to find out information about laptops, they ask their friends to find out which is suitable for their purpose. The brand image of the laptops also plays a vital role in the assessment of the quality of the laptops (Bian, X. and Moutinho, L. 2011) Since quality is a vague term, it refers to the fitness for use. People may perceive high quality with its price. Not only that they may also leverage the image of the store for the quality assessment of laptops. Researchers have focused on brand, information search, reassurance, and friends as the prominent strategy people choose to minimize their perceived risk (Derbaix,1983, Cheung F. F., Liu T, and Wu Chin 2013). Most of the research has concluded brand image is the major risk-reducing strategy used by consumers. This study tries to shed some more light on the previous studies on the topic and if any changes have occurred in the present purchase behavior of consumers. Various researchers have focused on different strategies that people will choose to make a decision. Which is the most preferred is always a major question for marketers. Moreover, nowadays laptops have been an indispensable part of life. It is of various needs for professional as well as personal life. Such information is very crucial for marketers. They develop strategies based on the risk-minimizing behaviors of the customers.

1.6 Structure of the Thesis

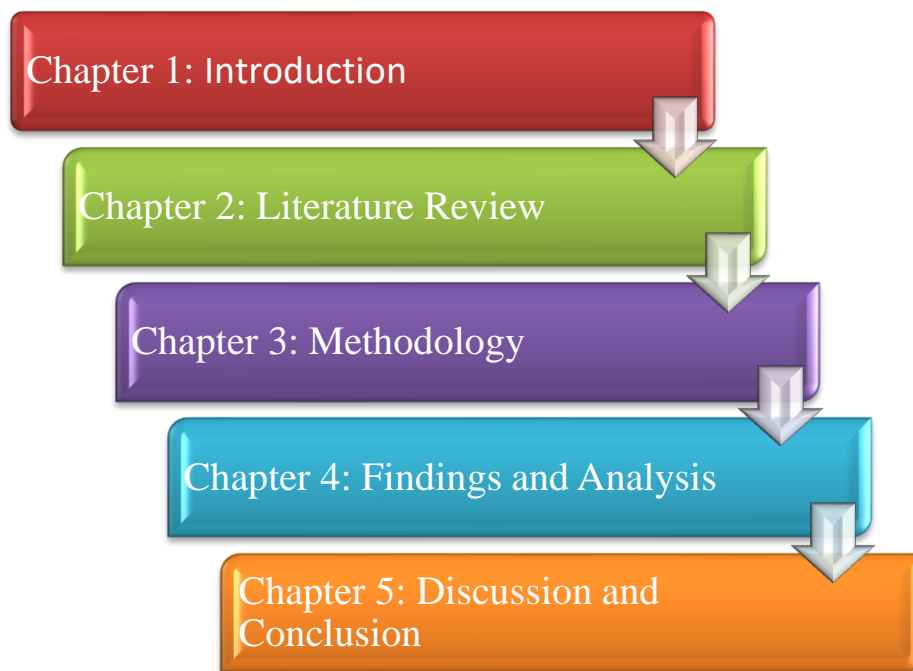


Figure 1: Structure of the Thesis (Created by the Author)

The thesis comprises several chapters for obtaining a suitable result. The first chapter includes the background, aim, objectives, and rationale of the research. The second chapter comprises the literature review, in which the current trends and the existing literature have been consulted and analyzed properly. The third chapter comprises the methodology in which the methodology used for the given research has been stated. The methodology contains the design, approach, philosophy, and sample size of the research. The fourth chapter includes the data analysis of the detailed survey that had been conducted in the research. Lastly, the research is concluded, and relevant recommendations based on the gaps are provided to make further improvements.

2 Theoretical Framework

2.1 Introduction

This research provides insights into the prominent strategies used by people while choosing laptops and evaluates strategies based on risk-minimizing behaviors adopted by consumers while buying a laptop. To develop an understanding of the buying behavior of laptop buyers, a detailed study of the empirical research in the field of buying behavior of laptop buyers is crucial. So, this chapter is dedicated to the extensive review of the literature related to the field of consumer buying behavior. This chapter provides insight into the studies conducted by another researcher in the field of the study and how this literature has shaped and influenced the research conducted. It is categorized into subsections as models of perceived risks, types of perceived risk, and risk reduction strategies.

2.2 Literature Review

Consumer behavior is the process adopted by an individual or group of individuals to select, purchase, consume and dispose of the product or services acquired to satisfy their needs and desire, (Solomon et al., 2012). It is important to study the decision-making process since it explains how why and when a consumer makes a purchase decision. Marketers must fully understand this procedure, from the learning of the product to make a purchase decision to the disposal of the product since this behavior allows us to discover how consumers decide to buy the goods and services (Cunningham, 1967). To understand this marketer must understand the consumer's decisions making process, the marketing mix, and the environmental variables such as culture, demographics, and public policy needs to be examined (Solomon et al., 2012)

"Consumer behavior involves risk in the sense that any action of a consumer will produce consequences which he cannot anticipate with anything approximating certainty, and some of which at least are likely to be unpleasant" (Bauer 1960, p. 14). This implies that the decision made by the consumer cannot be determined and may result in a disadvantage to the consumer. Vaughan E. J. (1997) as cited in Hutter, B., & Power, M. (2005) has a similar

definition of risk, which is connected to the possibility of loss. When there is an existence of risk the possibility of the outcome is always uncertain. Perception of risk is often a crucial outcome of consumer behavior as risk is mostly believed to be painful as it may bring anxiety to the consumers and in such cases, it must be dealt with similarly by the consumer. Along these lines, the two dimensions for the measurement of uncertainty and consequence have been used in the measurement process.

According to Oglethorpe and Monroe (1987), as cited in Campbell, M. C., & Goodstein, R. C. (2001), perceived risk is defined in terms of uncertainty and consequences and the higher the uncertainty so is the higher chances of getting negative consequences. Foxall, Goldsmith, and Brown (1998) define "the perceived risk a consumer feels in a choice situation generally described as being dependent on the uncertainty present in the information he or she has and the likely consequences of the purchase". This means that perceived risk is associated with a consumer's limited cognitive capacity for information handling. It is probably an underrated phenomenon about what we buy, how we buy, and particularly about the adoption of new ideas and things.

2.3 Definition of Perceived Risk

Perceived risk has been defined as a consumer's perceptions of the uncertainty and adverse consequences of engaging in an activity (Dowling, 1986). Since consumers constantly make decisions regarding what products or services to buy and where to buy them, optimal information about products will eventually reduce perceived risk, and uncertainty and ultimately, exerts a positive effect on product purchase intentions (Hong and Lerch, 2002). This view supports the theory developed by Bauer, (1960) and Taylor, (1974) who opine that consumer behavior is motivated to reduce risk and therefore they are inclined to collect and evaluate information through consumer reports, magazine advertising, brand name, word-of-mouth communication, and customized information to reduce risk and facilitate choice (Krishnamurthy, 2001 cited in Ha, 2004). Where risk is high, the value of external search is also high, as several types of risk can be minimized through time and effort spent in the search for information (Glassman et al, 2015).

An individual's perception of risk while purchasing a product differs depending upon various situations like person, situation, and even culture. It may be higher if a product is expensive, complex, and hard to understand (Solomon, 1991 cited in Kim and Lennon, 2002). Indeed, the degree of risk that consumers perceive and their tolerance for risk-taking are factors that influence their purchase strategies (Chang and Tseng, 2013). Even if a product choice is merely observable to others, consumers may still consider perceived risk as a factor, as they may face social embarrassment if they make the wrong choice. The degree of perceived risk is a function of uncertainty and consequences that would result from a wrong decision (Dowling, 1986; Mitchell, 1998). This may include uncertainty inherent in the performance of the product, uncertainty in the place and mode of purchase, the degree of financial, and psychological risk which may harm the consumers self-esteem, the amount of time involved and the risk of social embarrassment (Mitchell and McGoldrick, 1996).

2.4 Models of Perceived Risk

Stone and Winter (1985) notes that it is difficult to explore the concept of perceived risk as there are different conceptualization of the risk and it varies according to different researchers. For this very reason, several basic, complex, and multi-attribute models of risk measurement have been developed by researchers (Bruwer, Saliba, and Miller, 2011). The first or the basic model of risk measurement was developed by Cunningham (1967), where he shows a linear correlation between uncertainty and the unpleasantness of the outcomes. Other various basic models of risks were developed later, namely Stone and Winter (1985) whose study reveals risk to the expectations of the loss and states that consumers perceive the risk to be greater if the expectation or probability for loss is considered to be higher.

Dowling and Staelin (1994) have added more complex models of risk to the literature in recent times. According to Dowling and Staelin (1994), the complex risk model comprises three components of risks: they are inherent risk, handled risk, and acceptable risk. This model was the first model to retrieve the levels of risks that the consumers were willing to undertake during the purchase decision. This mainly revealed that the consumers were willing to undertake risks depending on the various attributes of the products. The multi-attribute model divides the risk into interpersonal and performance-related components (Zikmung and

Scott, 1977). This model presented product attributes to be one of the important contributors to the overall risk taken by the consumers. Researchers today use the no-all-inclusive risk measurement scale as the complexity and the multiple dimensions of perceived risk make it hard the establishment of one model that accurately describes the consumer's overall perceived risk (Fall Diallo et al, 2013). Mitchell (1998) urges that the risk model of the present day requires more study and development before any explanations of perceived risk before it is put to rest.

2.5 Types of Perceived Risk

Jacoby and Kaplan (1974) stated six perceived risks associated with the consumer's purchase decisions. These findings were supported by other researchers in the years to follow:

2.5.1 Functional or Performance risk:

Consumer perception of the risk that the product consumed will not satisfy their needs.

2.5.2 Physical Risk:

Consumers think that the products being consumed will affect their health and state of mind.

2.5.3 Financial Risk:

Consumers perceive that the products bought for consumption will incur a financial loss to them.

2.5.4 Convenience/Time Risk:

Consumers' perceptions of the risk that the product will be easy to use and may incur a loss of time and money for its restoration and repair.

2.5.5 Social Risk:

Consumers' perceptions of the risk that the products used or purchased might affect their reputation or status in society.

2.5.6 Psychological Risk:

Consumers' perceptions of risk regarding their view about themselves upon the purchase of some items.

Each kind of perceived risk brings different outcomes for different kinds of purchases. For instance, while buying medicine the consumer's perception of physical risk plays a significant role over financial and social risk, similarly while purchasing luxury fashion goods the consumer's perception of social risk is more important than the physical or financial risks (Jacoby and Kaplan, 1974). Among all the variables indicated in the literature, Ogotu and Oundo (2016) conducted research in their home country Kenya and concluded that out of all the risk factors involved in a buying process, they found functional risk played a major role in the selection of certain brand of laptop over the others. Sharma and Kurien (2017) also found out that functional/performance and financial risk were the major risks perceived as a risk by the customer of company X in their buying process.

2.6 Risk Reduction Strategies

Consumers are keen to develop strategies to ease the situation where they perceive risk and doubt their decision to purchase (Bauer, 1960). The consumer will adopt various kinds of risk-reducing strategies depending upon the severity of the situation, the greater the perception of the risk beyond the anticipated level, the more likely they take action in reducing it

(Dowling, 1986) Many studies conducted on the subject have identified that the consumers use the total of 17 risk-reducing strategies and these strategies are ranked upon their effectiveness relating to product category, risk type or purchase situation (Yeung, Yee and Morris, 2010). Mitchell and McGoldrick, (1996) et al. Mitra, Reiss, and Capella (1999) mention that risk-reducing strategies such as store image, special offers and discounts, product testing, brand loyalty, money-back guarantee, celebrity endorsements, and family/friends 'recommendation are used when the purchase of the products could under-perform its claims. It seems some of these strategies stated by different researchers in their respective fields of study are likely to apply to the laptop buying behavior of consumers.

Geisler, E., & Hoang, W. (1992) established five steps in making the purchase decision of an IT product: establish and articulated the need for information technology, establish or determine which unit receives the new or modified IT, select the technology, select the supplier, authorize and sign off the paper. Consumers can lean towards certain items, and brand organizations over others, and comprehending and explaining this decision is incredibly important for marketers to make their products more attractive than the competitors. According to the decision-making model, consumers process different factors like the physical factor of the product, psychological factors, and environmental factors and put this information to set their perception and preference regarding a product (Hong and Lerch, 2002).

Yeung, Yee, and Morris (2010) state that consumers are more likely to purchase from a popular and well-known brand or retail store while purchasing food items as these give consumers a sense of safety and reassurance of the quality of the product. Yee, Yung, and Moris (2010) states identify brand, information, and quality assurance as potential strategies to reduce the buyer's perception of risk while buying food products like meat. The brand of the product is found to be a great risk reliever and consumers opted to buy from Welsh Lamb and Aberdeen Angus as they perceived meat from these brands to be of higher quality than others. Cox and Rich (1964) found out that women do not like to purchase from unknown brand or online platforms as the risk associated with these platforms are higher than that of well-known brand or stores. When a brand image is undertaken as the assurance of quality, it indirectly influences the choice made by the buyer. Consumers also tend to purchase a

product from manufacturers who have a good track record regarding the quality of the product (Mitra, Reiss, and Capella 1999). Consumers are more likely to pay premium prices and buy the product from suppliers who can assure the quality of the products (Leek and Kun, 2006). This includes the willingness to pay a premium price for organic foods, who has a good brand image, and who provide ingredients for each of their products. This can also indicate that the higher price of the product assures higher quality. Hutter and Power (2005), indicate that consumers sometimes take the discounted price of the product to bring disappointment among the consumers as they link lower price to lower quality.

The other way consumers try to reduce their perceived risk is by the acquisition of information (Leek and Kun, 2006). The consumer might use various forms of information from different sources, the use of such information allows the consumers to make comparisons and it helps to evaluate the psychological and social consequences the consumer might bear from the purchase of a particular product (Campbell, M. C., and Goodstein, R. C. 2001). Consumers also use various sources to gather information in high-risk purchase situations like buying laptops, as this information provides the consumers with the confidence to make better product choices (Kjaernes, 2006).

Recommendations from family and friends, advice from the sales staff, and evidence from science are the most commonly used method of seeking information (Cunningham, 1967). In some cases, the information from the instruction guide is also useful in minimizing the perceived risk among consumers. Along with gathering information before the purchase decision, the assurance from the seller regarding the quality of the product after the sales in the form of warranty and after-sales service also reduces the perceived risk of buying laptops among consumers (Yueng, Yee, and Morris, 2003). The link between the ability of the information and perceived risk among consumers depends upon the category of the product and the consequences of the risk associated with the product (Cox, 1967, Taylor, 1974). The information provided by the manufacturers of IT products in form of brochures and other promotional materials provides a positive effect on laptop buyers. Dowling and Staelin (1994) state that the information in form of labeling in the product also reduces the perceived risks in new technologies products.

Out of all the 17 different strategies Cheug, Liu and Wu (2013) categorized these risk-reducing strategies into basically 8 categories.

Table 2.6 Risk Reduction Strategy

<i>Risk reduction strategies</i>	<i>Operational Definitions</i>
Brand Loyalty	Buy the brand you have used before and have been satisfied with in the past.
Word of mouth	Ask friends or family for advice about the product.
Past experience	Relying on past personal experience.
Major brand image	Buy a major, well-known brand of the product and rely on reputation of the brand.
Free sample	Use a free sample of the product on a trial basis before buying.
Shopping	Shop around on your own and compare product features on several brands in several stores.
Money back or warranty	Buy which ever brand offers a money-back, or warranty with the products.
Store Image	Buy the brand that is carried by a store which you think is dependable and rely on reputation of the store.

***Source: Cheug F. F., Liu T. and Wu, 2013**

While reducing risk the research conducted by Derbaix (1983) found consumers reduced financial risk by adopting strategies like brand loyalty, word of mouth, reassurance, and store image. This result was supported by the result of Cheung F. F., Liu T, and Wu Chin (2013) as well, their result also found out no strategies were adopted by consumers while facing social risk. In short, how consumers commonly seek risk relief, and the way that laptop manufacturing companies might facilitate this in terms of quality assurance, price, useful information with installation and usage instructions, brand, or product origin can be considered as variables for consumer risk-reducing strategies.

2.7 The Engel Kollat Blackwell Model

Jhon Dewey's (1910) was extended as the Engel Kollat-Blackwell model, which focuses on the five stages of the consumer decision making process (Hood and Rothenberg, 2022). The model consists of five stages of consumer decision making process. These five stages are mostly used and accepted in the consumer behavior literatures and textbooks (Adeniran et al, 2022). This model shows how consumers actively seeks information and evaluate them as well as shows the components of decision making, relationship and the interaction among them. (Jisana, 2014). The five stages of the consumers decision making process are (1) problem recognition, (2) information search, (3) alternative evaluation (4) purchase and (5) post purchase evaluation.

1. **Problem Recognition:** In this stage of the model the consumers recognizes the differences between the actual state and the ideas state that the consumer desire (Jisana, 2014). It can be caused by the external stimuli, and the need to be addressed through a purchase.
2. **Information Search:** As the problem or need is recognized, the consumer seeks for more information to address the problem. This may involve gathering information from the personal sources such as friends and family or form the commercial sources such as advertising, product reviews or even the sales person (Jisana, 2014).
3. **Alternative evaluation:** At this stage of decision making process the consumer will evaluate the available options and compares them on the basis of the underling goals, motives and the personality of the consumer (Hood and Tothernberg, 2022). The various criteria for decision making can be price, quality, features and the benefits.
4. **Purchase:** After the evaluation of the alternatives available now the consumer makes a purchase decision. The choice of the consumer depends on the intention and the attitude of the consumer as well as the influence of other people like friends and family (Jisan, 2014).
5. **Post purchase evaluation:** The final stage of the decision making model consumer evaluates the purchase decision. This results in the satisfaction or dissatisfaction from the purchase made by the consumer (Adeniran et al., 2022).

2.8 The Howard Sheth Model

The Howard Sheth Model is a framework that was introduced by Jagdish Sheth and John Howard in the 1960's (Sharma and Sharma, N). This model comprises of various elements that describes the psychological and social processes that influence the consumer decision making process. The model consists of three phases and steps that the consumers takes while making decision (Seth, 1973). The model suggests that the external factors such as stimuli and input can trigger a purchase and motivate the consumers to buy (Tian et al., 2022). These external factors also provide consumers with various information choices that can influence their perceptions of a product. Internal factors like attitudes and values also play a role in shaping a consumer's decision making process. According to the modes consumers are influenced by stimuli such as price, service, advertising, media family and social groups when making purchase decisions (Zhao, 2020).

1. **Input variables:** The input variables influences a consumer's behavior and can be calorized and as individual influence and environmental influence (Sharma and Sharma, N). The individual influence include factors as personality, motivation, perception and learning skill which affect a consumer's decision making process. Similarly the environmental influence includes factors such as culture, social class, family and reference groups that have impact on shaping the consumers attitudes and values (Tian et al., 2022).
2. **Decision making variables:** Decision making variables are the cognitive and behavioral process that consumers go through while making a purchase decision. The four states stages in Howard Sheth model are: problem solving, information search, evaluation of alternatives and purchase decision (Xinhui and Han, 2016).
 - Problem recognition: This is the initial stage where the consumers becomes aware about the need and desire that need to be fulfilled.
 - Information search: At this stage the consumer seeks out the information to fulfill the recognized needs and desire.
 - Evaluation and alternatives: This is when the consumer evaluates all the alternatives available and selects the best one that suits the need and desire.
 - Purchase decision: This is the final stage where the consumer makes a decision to purchase the best alternative of product or service.

3. **Output variables:** This is the stage where consumer realizes the outcome of the decision making process of the consumer. This includes the consumer's satisfaction with the final decision of purchase and the post purchase behavior, such as repeat purchase and word of mouth.

Overall the Howrad Sheth model is a comprehensive framework that provides insights into the complex nature of consumer decision making and has been widely used in marketing research and practice.

2.9 Summary

The review of the literature regarding the risk-minimizing strategy adopted by the consumer while buying a laptop is reviewed and analyzed from different sources. The analysis of the review of the literature shows that the exploration of perceived risk is difficult as the conceptualization of it differs from the researchers. The researchers have indicated that there are six types of risk involved in the purchase decision, this research tries to find out if all these factors are equally important, one or two of the factors affects the choice of laptop for the consumers. Most of the literature is conducted with people with different amount of income levels, this research tries to find out how the students who have fixed levels of income try to minimize their while buying a laptop. In a research conducted in Kenya by Ogotu and Oundo (2016), financial risk was a predominant factor that encouraged consumers to select a certain brand of laptops over others. In most of the literature financial and functional risks were mostly considered by the consumers while making their purchase decision. This research tries to find if there are any other risks perceived by consumers in India.

Further, the research aims to find out what strategies are mostly used by consumers. The literature indicated consumers use many strategies to minimize the perceived risk but brand loyalty, reassurance, and store image were the predominant strategies used by the consumers and no strategies were used while facing social risk. Hence, this research will try to find out if the social risk is important for developed nations like India and how strategies are used to avoid such risks. Further Cox and Rich (1974) concluded that many women prevented themselves from buying products online as they perceived that online shopping has more magnitude of risk, the research notes the buying decision of female respondents only. Hence,

this research paper has considered looking for the demographic factor and how the purchase decision of males differs from that of females. Whether the risk factor associated with the purchase of the laptop is similar in both gender or the risk perception and the strategy adopted by these variables are different. The research from the literature show that consumers perceive risk during decision-making and adopt a strategy to minimize those risks. Here, this research sheds some light if the attitudes and the behavior of the consumers are different. It tries to find if the consumers perceive risk in their purchase and if the behavior or the strategy they choose aligns with their risk perception or if they perceive risk but take actions differently than the perceived risk. A most research does not show how different variables like gender, profession, and income level of the consumers affects the purchase decision so this research also tries to study how these variables in the purchase decision of laptop consumers.

3 Research Methodology

3.1 Introduction

This chapter discusses in detail the methods and techniques that are used in the research. Research is defined as the detailed study of the materials and the sources and based on that conducting an organized investigation for the proper establishment of facts and formulating new conclusions that will help in shaping the ideas and views of different individuals on the subject of the study (Ary *et al.*, 2018). A theoretical analysis of the various methods and principles that are needed for the achievement of the desired outcomes will be discussed in the following chapter. These will in turn help in the fetching of new knowledge and facts based on the concept of perceived risk, how it influences the consumer decision process, and what strategies an individual use while purchasing a laptop. Best elements, methods, and techniques will be used in the research along with the proper alignment of the research objectives and aim. The following chapter describes how the research was conducted and what methodologies were used for the data interpretation and analysis. The approach that will be taken, purpose, designs, and data collection method will be discussed in detail in the following chapter.

3.2 Research Design

Saunders M., Lewis P., & Thornhill A. (2016) defined research design as, a “Framework for the collection and analysis of data to answer the research question and meet research objectives providing reasoned justification for the choice of data sources, collection methods, and analysis technique”. It is the general plan or mapping of the procedure undertaken for answering the research questions undertaking the literature review, methodology, data collection, and interpretation of those data to answer or find the research objectives. The research design is impactful when the research conducted is neutral, reliable, valid, and generalized. This ensures that the data has minimum bias and increases the trust in the data that are collected and analyzed. Based on the issue over which the research is to be conducted, it is essential to select a suitable research design. Research design can be broadly

classified into qualitative, quantitative research, and mixed methods. Further, this is divided into five types, they are: descriptive, experimental, correlational, diagnostic, and explanatory.

As this research study is based on a collection of information and data from existing customers of laptops and conducting a sample survey, the result from the survey is depicted in the form of numerical data. These numerical data are further carefully analyzed to predict and explain the theory in the study. Hence, this research adopts the mixed method approach for the study. An online survey is used to collect quantitative data and an unstructured interview is used to collect qualitative data such as the general information of the company. Similarly, the descriptive analysis of data will be used, as the descriptive analysis is the planned and structured approach for acquiring additional information about the research topic for proper understanding (Pyrzczak, 2016).

3.3 Research Strategy

According to Saunders et al., (2016) a research strategy is a comprehensive plan that outlines how the researcher will address research questions in a specific study. Generally speaking, it is the course of action taken by the researcher to answer the question or prove the theories of research. Various types of research strategies are used by researchers for the collection of data. They are experiments, surveys, case studies, ethnography, grounded theory, action research, and archival research (Saunders M., Lewis P., & Thornhill A., 2016). Research strategy enables the researchers to answer the research questions or the elementary questions that shape the flow and structure of the study. Hence, the use of research strategy is based on the need for particular research. As Newman et al. (1998) have emphasized that the aims and objectives of the study guide the research strategy along with existing knowledge, time available as well as philosophical underpinnings are also important.

As noted by Newman et al. (1998), the research strategy depends upon the aims and objectives of the study and the philosophical underpinnings, and as the study is adopting the deductive and quantitative approach this study aims to use the survey method to collect quantitative data and unstructured interviews method is used to collect qualitative data. For

this, the primary data is collected through the survey method. A sample number of 60 is selected out of the given population and the survey is conducted by asking the respondents to answer a few questions relating to their laptop purchase. Research survey includes the use of structured and semi-structured interviews and questionnaires that can be conducted online, face to face, by telephone, or through the mail (Denscombe, 2017).

Since, the survey is mostly used and reliable method used by the analytics for data collection, the same method is used for the collection and analysis of data in this study. The survey is conducted online with platforms like Jotform, SurveyMonkey, Facebook, and email. In addition, an online survey is most appropriate when there is a limitation of time as it is more flexible, less costly and the collection of data is more effective and also provided more control over the research process. Moreover, qualitative data are collected through unstructured interviews with the owner of the company x.

3.4 Time Horizon

Saunders M., Lewis P., & Thornhill A., (2016) the research conducted in a 'snapshot' time horizon is known as cross-sectional, while the research conducted in 'diary' form is called longitudinal. Longitudinal studies on the other require studying the change and development allowing to have some control over the variables. Generally, the study of a particular phenomenon at a particular time is cross-sectional. Most of the studies conducted for academic purpose is time-limited, hence such study fall under cross-sectional studies. Cross-Sectional study often uses the survey method for data collection. Hence, as this study is related to the study of risk perception among laptop buyers and how they use this perception to shape their buying behavior, this research is trying to study the phenomenon employing the survey method. The time period for data collection was approximately five months starting from January 2023. Therefore, this study is choosing cross-sectional studies due to time limitations and the topic of this study.

3.5 Data collection method

The collection of data depends on the choice the researcher makes in identifying the data collection techniques and tools and this is done by employing various research tools like surveys, questionnaires, interviews, and focus groups (Quinlan *et al.*, 2019). This research is conducted in Company X in India and the respondents are all customers who buy laptops for different purposes. The objective of the research tries to find out how customers make a purchase decision and how they perceive various types of risk associated with the purchase decision of a laptop. As Mishra *et al.*, (2022) say that the collection of qualitative data is the driving factor for the success of any data, the main and essential part of any research is the collection and interpretation of data and careful selection of data collection techniques is crucial for its success. This research has used both primary and secondary data. Primary data are collected from surveys and interview.

Well-structured multiple-choice questions are prepared and presented to the respondents. The respondents answer the given questionnaire that best matched their purchase behavior. The questionnaire presented to the respondents is clear and simple and they are made aware of the whole process to avoid any error or mistake, hence increasing the reliability and validity of the study.

The study employs the closed-ended questionnaire and uses Likert scale model questions. This method is useful for the study using a deductive approach and since it is a quantitative analysis the use of closed-ended questions and the Likert scale is perfect for the analysis and presentation of data. The data analysis and presentation are done through the use of different statistical tools like graphs, charts, histograms, and cross-tabulation methods. The secondary data has also been used in the research work. Based on the previous work done by the scholars, the research builds the foundation for the study. Secondary sources of data like journal articles, books other research materials related to a similar topic are used for references.

3.6 Sampling technique and selection

The sample size is the number of individual samples observed or measured by the researcher out of the population during a survey experiment (Sileyew, 2019). The sample size enables the researcher to observe the variable of a phenomenon. As simple random sampling is convenient and bias-free for the collection of data, hence it is used in this study. A sample size of 60 is used in this study for the convenience and computation of the data. The respondents are asked to fill out a simple questionnaire for the collection of primary data. Various platforms like Jotform Surveys, Facebook, and Instagram are used for the collection of data. The respondents for the data collection are the customers of company x. This included all the local personnel who buy laptops from company x.

3.7 Ethical considerations

Ethical issues in research are critical as the reliability, validity, and integrity of the findings of any research heavily rely on ethical principles (Mitchell and Rich, 2020). The two main ethical issues to follow while collecting data from the participants are informed consent and confidentiality. Hence, the research aim and objectives of the research project have been communicated to the participants and the data are gathered only with their permission. It will be of top priority that the identity of the respondents is not disclosed to any other party.

3.8 Limitations of the proposed study

As with many other research projects, this research project has limitations of its own. The research is based on the positivist approach; hence the shortcoming of this approach is inevitable to this research paper. As the positivist approach is based legitimate source of knowledge a wide scope of essential and significant concepts like cause, time, and space are on based on experience (Cullen, 2017).

The research is a cross-sectional study and the time allowed for the research period is just five months hence the study lack the advantage of longitudinal analysis, restricting the study to

look at the changes over time. The sample size taken for the research project is limited the finding of the project may not be the representation of the entire population.

4 Results

The presentation and analysis of data is the core of any research. This chapter presents the data and makes the analysis of the data. Data presentation and analysis is an integral part of all studies that are academic, commercial, industrial or professional practices. Presentation of data requires better understanding of data and skills. Descriptive statistics are used for the analysis of the data. All the data collected from 60 respondents are presented and interpreted to find the relationship of the variables being studied.

4.1 Gender

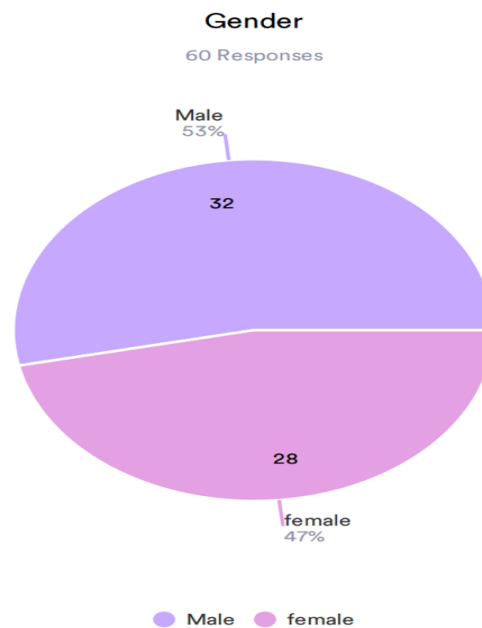


Fig 4.1 Gender of respondents

Among 60 respondents, 47% of the respondents are female and 53% of the respondents are male.

4.2 Age group

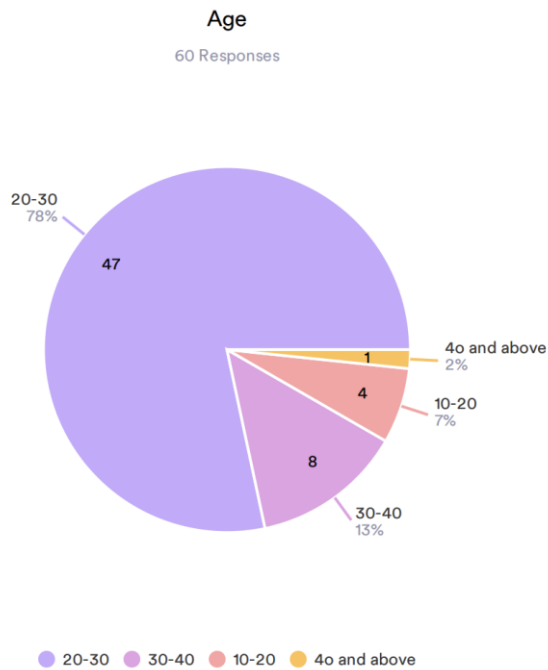


Fig 4.2 Age group of respondents

The survey shows that 78% of consumers range between the age of 20-30, similarly 13% of consumers are between the age group of 30-40, 7% in the age group of 10-20 and 2% of 40 years and above. This indicates that the majority of the consumers for Company X comprises age 20 and 30 years.

4.3 Purchase experience

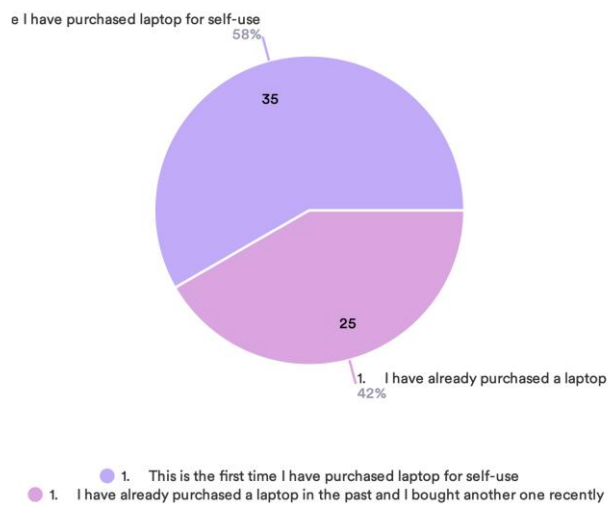


Fig 4.3 Purchase experience

Figure 4.3 indicates the purchase experience of the consumers. 35 out of 60 consumers are the first time buyer of a laptop. Whereas 25 out of 60 have previously bought a laptop.

4.4 Information source

Consumers seek for various information while making purchases of high involvement products. This is to minimize the perceived risk and ensure the right decision is made by the consumers.

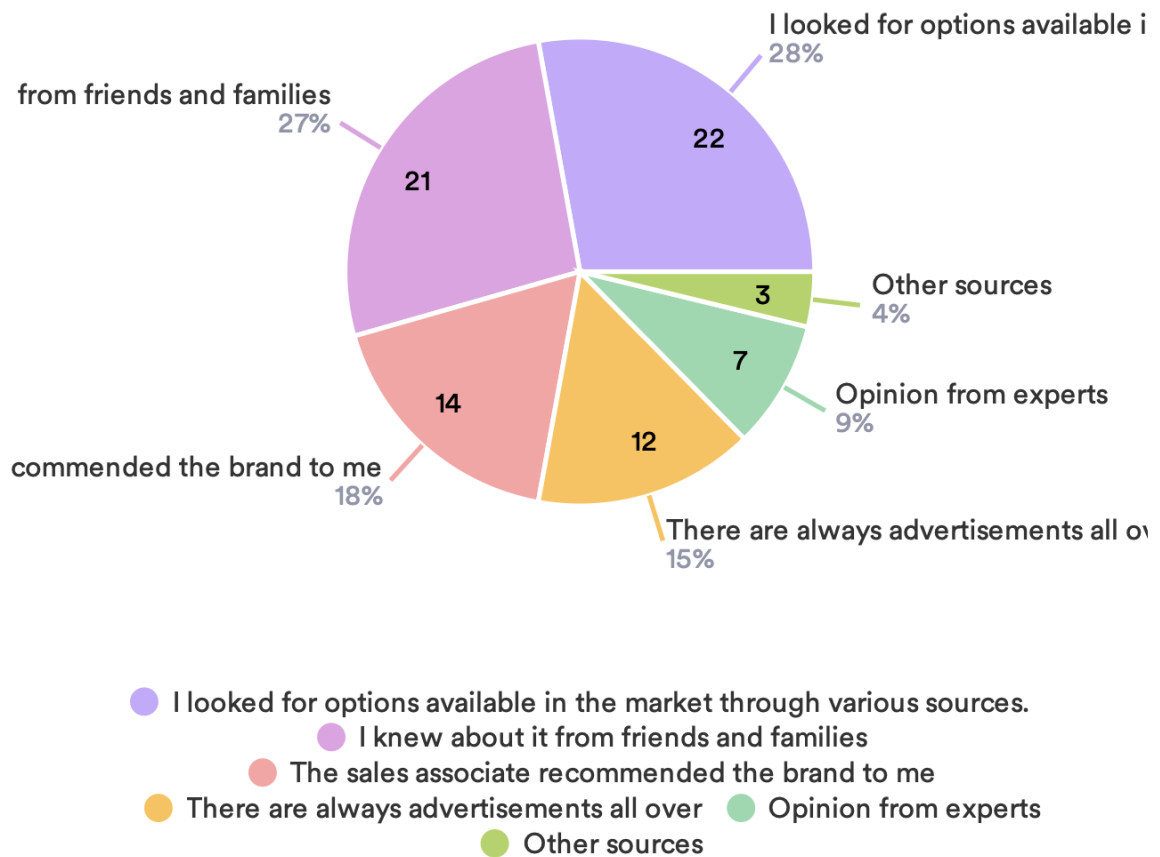


Fig 4.4 Information source

Figure 4.4 shows that out of 60 customers, 28% looked for various options available in the market while buying a laptop. Similarly 27% of them knew about it from family and friends, 18% bought the one recommended by the sales associate. 14% bought the brand because they saw it in the advertisement and only 9% used expert opinion while purchasing the laptop.

4.5 Attributes of perceived risk

Different attributes of perceived risk are determined through several statements. Receiving various deals contributes to the financial risk, while looking cool with the laptop represents the social risk. Likewise, meeting the daily requirements majors the functional risk and the laptop matching the personality denotes the psychological risk. Similarly, the quality test and quality standards are the determinants of physical risk and the after sales service represents the time risks.

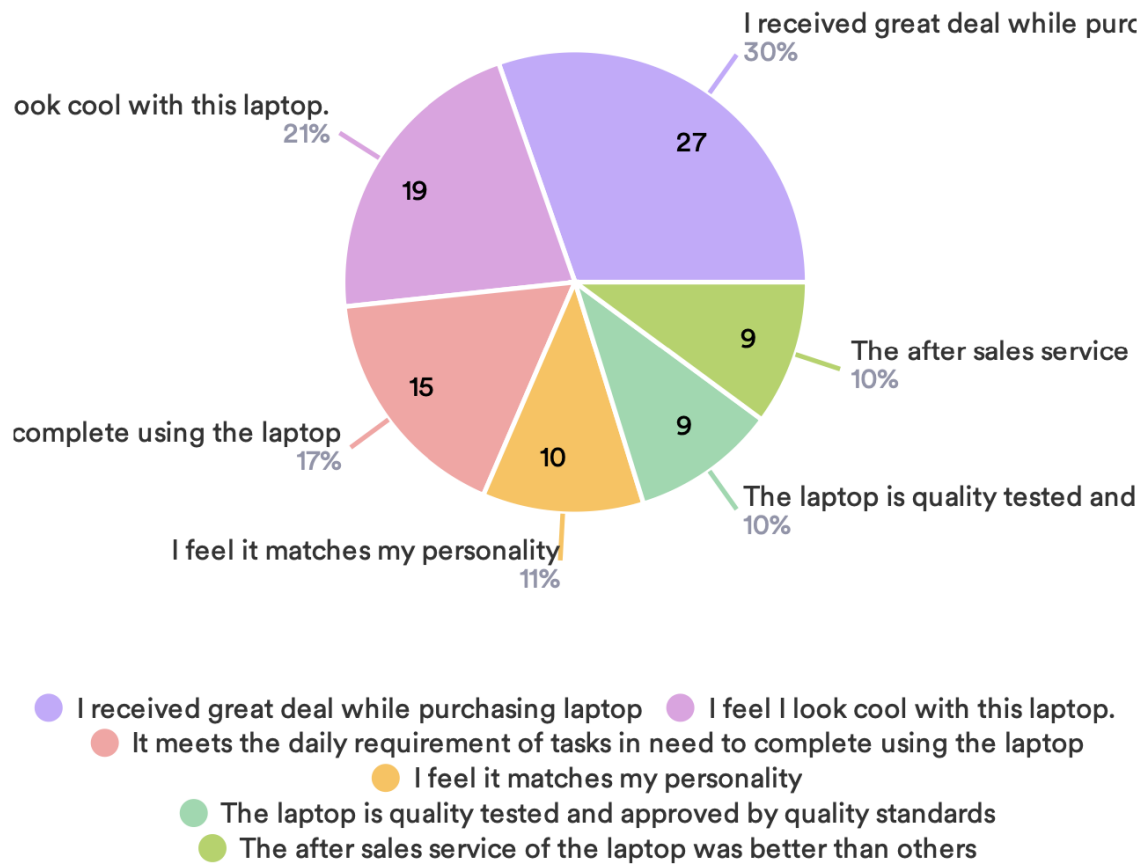


Fig 4.5 Attributes of perceived risk

Fig 4.5 tries to analyze different attributes of purchase risk perceived by the consumers. 30% of respondents attributed financial aspect as a risk factor while only 10% of them attributed to reassurance through after sales service, and functional risk through tested quality. . 21% of the respondents attributed to social risk attributing towards the requirement of matching personality.

4.6 Risk reduction strategies

Consumers use various tactics and methods to reduce their perceived risk. Customers ask their friends most to make their decision and reduce their perceived risk. After they look at the price and seek, the branded products are prominent while buying laptops. The details of the strategies are presented below:

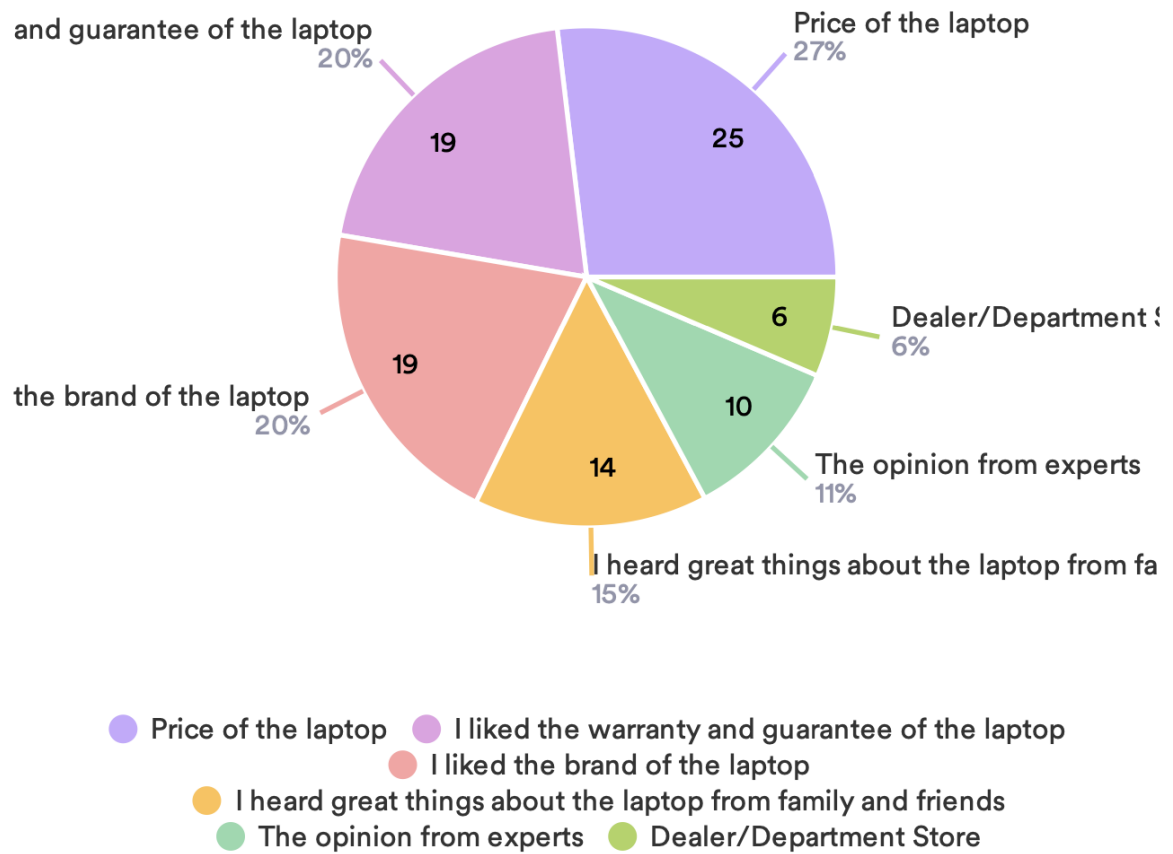


Fig 4.6 Risk reduction strategies

Figure 4.6 shows various risk reducing strategies used by consumers while making purchases of laptops. The figure shows that 25% used the price of the laptop as a strategy to reduce the risk. Some other consumers used the guarantee of the laptop to reduce the risk making it 20% and other 19% use the brand of the laptop as the factor for risk reduction. The other 11% used the opinion of the experts and 15% used the image of a dealer and department store as well.

4.7 Purchase determinants

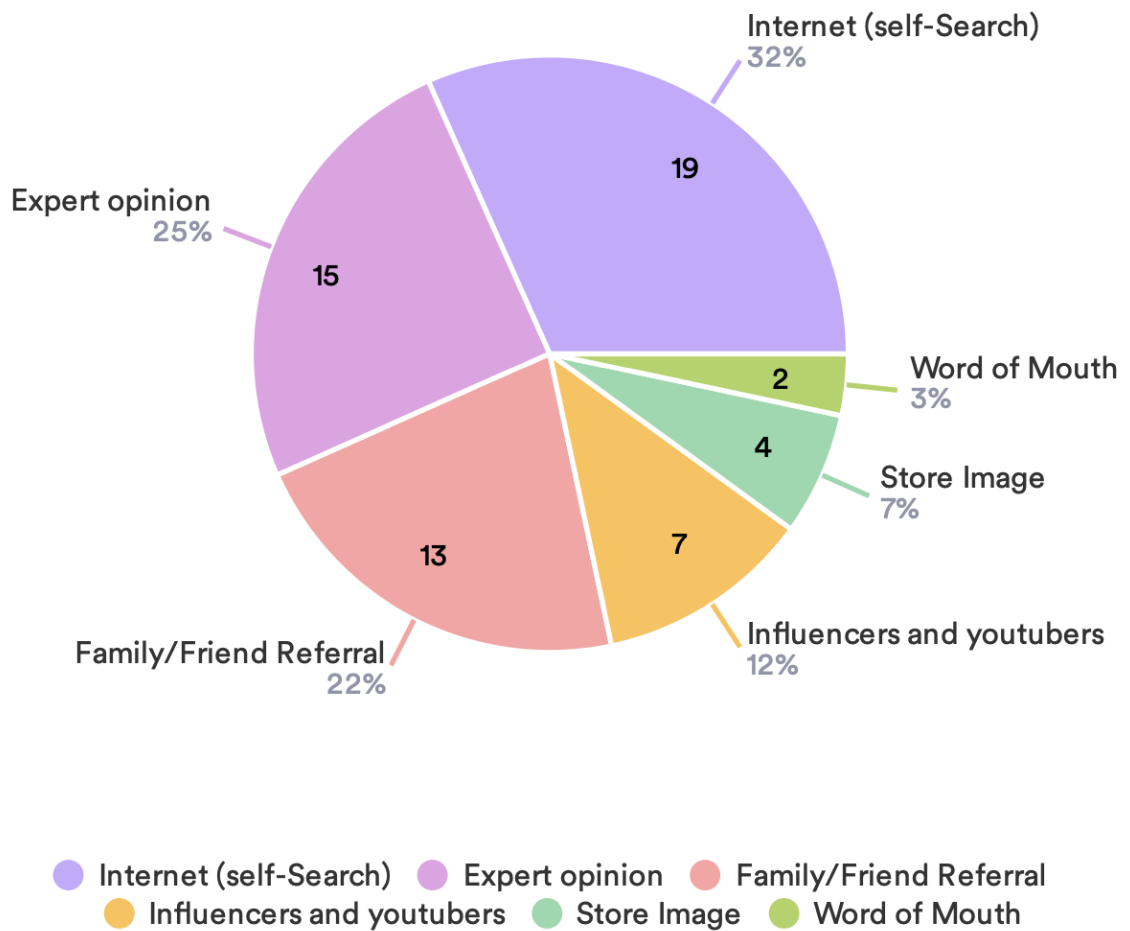


Fig 4.7 Purchase determinants

Figure 4.7 shows that 32% of respondents used the internet as the main source for making actual purchase decisions, while 25% of them relied on expert opinion. On the other hand, only 3% were influenced by word of mouth and 7% of them were influenced by store image. Likewise, 22% of the respondents used referrals from friends and families while 12% of them were influenced by influencers and youtubers.

5 Recommendation

Based on the findings of the research project, with the aim to assist company X in developing effective strategies to influence its consumer decision-making and mitigate perceived risks while buying a laptop from the store. The recommendations are organized into three key areas: customized brand communication, customized service experience and leveraging outlet image to minimize perceived risk.

The results show consumers tend to perceive financial risk as higher, similarly social risk and functional risks are consecutive risks perceived by the consumers while purchasing a laptop from the company. Therefore, the company should tailor their brand messaging and communication strategies to address these specific risk perceptions. For example, marketing campaigns could emphasize the features, performance, and reliability of the laptop, that makes the consumers believe that the price they pay for the laptop is reasonable. By understanding and addressing the unique risk perception of the consumers, company X can enhance the effectiveness of their communication^[SK3] efforts and resonate more strongly with their target audience.

In addition, this research indicates that consumer's perception of outlet image plays a crucial role in mitigating perceived risks. Marketers should invest in building a positive and trustworthy outlet image to alleviate consumer's concerns and enhance their confidence in making a purchase. This can be achieved by emphasizing factors such as store ambiance, knowledgeable and friendly staff, and a strong reputation for customer service. Furthermore, creating partnerships or collaboration with reputable industry experts or influencers can also contribute to enhancing the outlet image and building trust with consumers. By focusing on building a strong and reliable outlet image, the company can reduce consumer's perceived risks and increase their likelihood of making a purchase.

This research project aims at evaluating the risk-minimizing strategy used by consumers while buying a laptop from company X. This research project can be useful to any business house dealing with the marketing and distribution of laptops in the market. They are trying to find out the factors that influence their decision and make the ultimate choice. The study can be helpful to company X to understand how consumer risk plays an important role in the purchase decision and how perceived risk influences the buyer's choice among the different brands.

6 Conclusion

The research tries to explain the risk perception among laptop consumers and how these perceptions are minimized by consumers using various methods by consumers of company X. From the literature, theories of financial and functional were the major risks perceived by the consumers. Similarly, out of many risk-reducing strategies used by the consumers' brand, store image, word of mouth, and reassurance were the major strategies used by the consumers to minimize the risk and make the purchase decision more pleasant.

While adopting the strategies to minimize their risk perception, purchase decision of the individual is discussed in three dimensions; they are store choice, price choice and brand choice. Information search, asking friends and families, price choice and brand image, reassurance were mostly used by the consumers in India. Purchase decision of the individual is discussed in three dimensions; they are store choice, price choice and brand choice.

This research conducted on the risk perception of the consumers while buying laptop supports the findings of (Derbaix 1983, Ogotu and Oundo, 2016 and Sharma and Kurien, 2017). This research also finds that customer's face financial, functional risk more compared with the other risk while making purchasing decisions. This does not imply that consumers do not face or consider other factors in their buying procedure, it only implies that these factors were considered to be the major one.

As the customers face risk, they use various strategies to minimize them. This study is aimed at finding what strategies the consumers of Company X adopt to minimize the perceived risk. As mentioned by Cheung F. F., Liu T and Wu Chin (2013), this research found out that price of laptop,, friend and family referrals, brand image are the prominent and mostly used by the customers. The attitude of the consumers matched the behavior of the consumers. When they perceived functional or financial risk as the most influential factor in purchase decision, they opted the strategies like price choice, brand image, opinion of families and friends that helped them minimize this risk.

Further in this research, purchase decision is taken in three aspects as price choice, store choice and brand choice to test the theories. Brand and store choice related decision has a significant relationship with the asking friend's strategies. It means that consumers of company X relies on opinion from experts like salesperson. From the research we can conclude that consumers tend to ask the experts and rely on their opinion before making the purchase

decision. The brand images of the laptops also have significant relations with reduction in the risk by the customers. It means there is significant relationship between the purchase decisions and the brand image of the laptop. Consumer of Company X in India use the image of the brands to make assessment of purchase decision. Same applies to the image of the store; image of the store has significant relation with the purchase decision.

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Appendix 1. Survey Questionnaire

Questionnaire

Dear Respondents,

I am Inderjit Singh a student of HAMK University of applied sciences, Finland –BBA Bachelor of Business Administration (international business). I am conducting a survey regarding The Risk Minimization Strategy Adopted by Consumers while Purchasing Laptops. This research will contribute towards the fulfilment of the bachelor's in international business. I assure you that your answers will be strictly confidential and will only be used for academic purposes.

Do you own a laptop?

Yes [proceed further]

No [Stop Here]

1. Please tick one of the most appropriate choices for each criteria group.

2.

Age	
Gender	
1. Male	1. 10-20
2. Female	2. 20-30
	3. 30-40
	4. 40 and above

3. How often do you change laptop?

1. This is the first time I have purchased laptop for self-use
2. I have already purchased a laptop in the past and I bought another one recently

4. How did you get to know about brand of laptop you own? Choose as many as it describes you.

1. There are always advertisements all over.
2. I looked for options available in the market through various sources.
3. I knew about it from friends and families.
4. The sales associate recommended the brand to me.
5. Opinion from experts
6. Other sources (specify).....

5. What attributes did attract you to purchase this particular brand of laptop? Please select as many as it describes your purchase.

1. It meets the daily requirement of tasks in need to complete using the laptop. (refers to Functional or performance risk)
2. The laptop is quality tested and approved by quality standards. (refers to physical risk)
3. I received great deal while purchasing laptop. (refers to financial risk)
4. The after sales service of the laptop was better than others.(refers to convenience/time risk)
5. I feel it matches my personality.(refers to psychological risks)
6. I feel I look cool with this laptop.(refers Social risk)

6. What influenced you to buy the above stated brand? Choose as many as you want

1. Dealer/Department Store
2. Price of the laptop
3. I liked the warranty and guarantee of the laptop
4. I heard great things about the laptop from family and friends.
5. I liked the brand of the laptop.
6. The opinion from experts

7. While purchasing laptop, which source of information was important to you?

1. Internet (self-Search)
2. Expert opinion
3. Influencers and youtubers
4. Family/Friend Referral
5. Word of Mouth
6. Store Image

8. Please provide your thoughts regarding following statements.

(SA- Strongly Agree, A – Agree, N- Neutral, D- Disagree, SD – Strongly Disagree)

S. No.	Statements	SA	A	N	D	SD
1.	I will buy a laptop if there is great discount.(refers to financial risk)					
2.	I like buying laptop that are in latest trend.(refers to functional & performance risk)					

3.	I like buying laptop from a reputed and brands since it assures quality. (refers to Physical risk)					
4.	The advertisements attracts me towards certain laptop brands.					
5.	I look for information in YouTube and Instagram as read reviews about buying laptop. (refers to convenience/time risk)					
6.	I bought this laptop since it was given to me at my job.					
7.	The past experience of your laptop purchase influences your present purchase decision.					

Thank you for your precious time.

Best Regards
Inderjit Singh

Appendix 2. Unstructured Interview with the proprietor

How long has company X been selling laptops?

Company X has been operating for more than 3 years, and its major product lines are laptops and mobile devices. Company X aims to offer the greatest laptop products at reasonable pricing.

What types of products does company X sell?

Company X sells a variety of brands such as Apple, Lenovo, HP, Acer, and Dell. The company offers an array of options to accommodate customers' various demands and budgets.

What is the goal of the company X?

Company X wants to assure client pleasure by offering top-notch customer service. Company X wants to grow by building more locations and starting e-commerce websites that will appeal to a larger audience.

Which are the main consumers that Company X targets?

Company X frequently targets students with reasonably priced, portable computers that may be used for coursework, research, and other educational activities. Company X caters to business professionals by providing high-performance laptops with professional accessories. Apart from it, Company X also targets gamers with deliver high-performance laptops in low range of price.

How does the business establish itself apart from other retailers of laptops?

Company X defines itself by affordability and value, providing high-quality laptops at competitive rates that appeal to clients with limited finances who desire a good deal without sacrificing quality.