

Perceived Risk in the Adoption of High Technology Product Innovations in Business Buying

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Abstract

Consumer perceived risk has occupied an important position in buyer behaviour research. Among the factors that lead to perceived risk among buyers, product attributes have emerged as significant determinants of risk and, for high technology products, higher levels of perceived risk has been detected.

Business buying, where perceived risk manifests in the form of potential losses to the individual decision maker and the organization, is a less researched area especially in the context of high technology products. This research looks at the relationship between perceived risk and the attributes of a high technology product innovation in business buying. Here, attributes of innovation are captured along five dimensions suggested by E M Rogers. Overall perceived risk is captured along seven different dimensions. Six of the seven dimensions of the risk namely, performance, financial, time, physical, social and psychological risks are generic because they are considered relevant for almost product and service purchase decisions. Apart from these, a new dimension of risk called obsolescence risk is included in this study. This dimension of risk, along with performance risk is postulated to be significant in their intensity and contribution towards overall perceived risk during the purchase of high technology products.

The study finds support for the postulated relationship between overall perceived risk and the attributes of innovation, though some relationships exhibit partial support. The study also finds that obsolescence risk is quite intense and significantly explains the variation in overall perceived risk. On the other hand, though the perceived intensity of performance risk dimension is higher than the other generic risk dimensions, it does not seem to have much impact on overall perceived risk and it does not contribute significantly to the variability.

This research establishes the salience of obsolescence risk during the purchase of high technology products. Future research on high technology product adoption would benefit by including this construct as a variable affecting the buying decision and marketing managers of high technology products can devise appropriate communication and selling strategies to address this specific concern among their industrial buyers.