The LEGO Group: Envisioning Risks in Asia (B)

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Perceived Risk

Bauer (1960) defines Perceived Risk as the consumer’s feeling of uncertainty about the consequences of transactions.

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Perceived risk can be conceptualized in 2 models

1. Risk as uncertainty: consumer cannot evaluate probability of consequences
2. Risk as expected loss: some degree of probability can be attached to it
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- Probability of negative effects
  - x
- Severity of potential consequences

Overall Perceived risk as a multidimensional construct
General Dimensions of Perceived risk

- Financial risk
- Performance risk
- Physical risk
- Psycho-social risk
- Time-related risk
Specific dimensions of Perceived risk

- Privacy risk
- Sensory risk
- Operational risk
- Communication risk
- Obsolescence risk
- Perceptual risk

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Perceived Risk is a subjective concept

Differences in risk perception between:
- products
- shopping-channels (supermarket vs. internet)
- consumers
  - attitude toward risk (risk-taker vs. risk-avoider)
  - personality
  - socio-economic status
  - culture / nationality
  - technological level of service
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Risk Reduction Strategies