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Determination of Saudi's e-commerce success factors in Saudi Arabia

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Abstract

Saudi Arabia has hit the highest MENA (Middle East and North Africa region) record of E-commerce growth in 2014, as analyzed by visa. The kingdom has shown an estimated number of 43% growth only through E-commerce sites and businesses. This paper investigates E-commerce usage and feedback to come up with detrainments factors the influence customer preference to word tradition commerce by using e-commerce. Quantitative methodology been applied with a sampling of 200 users. As Saudi's Market growth, the importance of highlighted the determination factors of Saudi's e-commerce customer. The result shows that privacy, trust, payment, ease to use and accessibility are the main factors that could determine the Saudi's e-commerce market share.

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INTRODUCTION

The Internet has dramatically affected the conduct of business (sharma, A, 2002). All sectors such as Markets, industries, and businesses are being transformed. The new economy demands Relay in Information technology (IT) to have a new cheap to drives businesses and markets. With the advantages of Internet has become a powerful and ubiquitous communication in order to facilitate the consummation and processing of business transactions (Dobie, L., 2001). This has led to completely changed the in traditional industries and companies. Firms nowadays need to understand the importance of using IT so that they can make intelligent decisions regarding crucial IT investments.

Electronic commerce is the business activities that relate to the buying and selling of goods and services over the Internet (Mahade, J, 2009). Academic definitions are narrower and focused on applications and business supports. Zwass (1996), for example, defines e-commerce as "the sharing of business information, maintaining business relationships and conducting business transactions by means of telecommunications networks". Others (Applegate, 1999, Fellenstein and Wood, 2000) also support this view and consider e-commerce to include various processes within and outside.

A lot of researches have been highlighted e-commerce and some of them tried to provide a framework that explain the structure and business process transaction. Of course, here we only highlighted the full e-commerce site with transaction of payment and billing online. In fact, some of those online are providing such similar website where customer and do shopping online, select products, and receive invoice where the actual payment is offline. In one of the earliest works, Zwass (1996) suggests that the best way to conceptualize and analyze e-commerce is to consider it as a hierarchical structure composed of three met levels: *infrastructure, services and products and structure*. Zwass indicates that each of these levels provides a unique way of abstraction in that lower ones deliver a well-defined functional support to the higher ones. Riggins and Rhee (1998) on the other hand suggest *the location of the application user relative to system firewall* (such as internal and external) and *the types of relationships* (technology enhanced and technology facilitated) as two dimensions along which e-commerce (internet based) views can be differentiated.

Ever since the introduction of internet, the whole world entered a marathon through speed and quality of information. The collections of e-commerce measures identified in the journals are discussed widely under the relevant DeLone & McLean success dimensions. The Dimensions are focus in system quality, service quality, information quality, and user satisfaction. Addressing these dimensions in any information system especially e-commerce is always the way to make works more efficient and organized (Delone & Meclean, 2004).

Rather than that, using social media as an advantage to empower e-commerce is consider as one of the success factor in marketing and reach customers easily.

In addition to capturing, processing and presenting information to support customer and business decision making, e-commerce systems enable organizations to market their products and services online and provide a range of services that customers themselves can perform without direct human assistance (Delone & Meclean, 2004).

Although E-Commerce has detain mention factors which may affect the usage of it. For example, trust, quality, security, ease or difficulty of use, availability of internet connection, and all the other advantages that users obtain due to such service. Through this research, a list of aspect will be further discussed regarding the users tendency to adapt e-commerce services and some future research suggestion.

Previous research about E-commerce for the Saudis has shown some results, such as “e-commerce customer loyalty in Saudi Arabia is strongly influenced by customer satisfaction but weakly influenced by customer trust”. Examples in which the customer tends to be available on the site like the Sense of movement between pages speed through the site to choose a particular product to be positive for customers. Electronic commerce is considered an important mediator and fast to implement the wishes of customer’s easy and feasible ways.

This paper is to highlight the most detainments ion factors that could influencing customer usage of e-commerce in Saudi Arabia market.

LITERATURE REVIEW

According to Saudi Post sources, E-commerce market share in Saudi Arabia will hit SR50 billion by 2015, it is consistently adopting new buyers and improving revenue. About 1 in 4 Saudi Internet users are already active in e-commerce, and they visit about 70 million e-commerce pages per month. Cash on delivery is still the preferred method of payment for most e-commerce buyers in MENA, reaching up to 75 percent according to Aramex. However, new payment gateways are emerging that are working to solve this and increase trust in online transactions.

E-commerce spending has reached an all-time high in the Kingdom, and more users are getting engaged: user growth is at an estimated 9.3 percent per year. This percentage is very likely to increase faster as e-commerce companies in the Kingdom learn how to earn and leverage their customers’ trust. But the most intriguing forecast is that m-commerce, commerce through mobile devices, will become 7 times larger by 2015, due to the progressively larger demand for mobile tablets (Saudi Post Recourse, 2012). Today the e-commerce clients over population ratio are higher for UAE than it is for Saudi Arabia, but statistics show that the tables will turn in the coming two years.

According to a study done by Al-Ghaith, Sanzogni and Sandhu (2010), identified the main aspects that proved to play an effective role in influencing the consumers’ usage of online services, more specifically in Saudi Arabia. discipline-based approaches to identity-based behavior that originated in social psychology Consumer Culture Theory and sociology as well as the approaches that arose from more specific investigations of identity in areas like impression management and implicit social cognition (Reed, A et all, 2012).

In this study highlighted three prominent aspects based on their importance that could detrainments e-commerce usage: complexity, privacy, and compatibility. Complexity was proved to be the most important element in terms of the extent to which the e-services are easy or difficult to use by the consumers. The privacy as well played an effective role in the consumers’ willingness to use online services and provide their personal information in terms of personal security (Kushchu & Kuscu, 2004).

On the another hand, compatibility is one of the keys factors determent the consumers’ usage to e- transaction , due to the extent that the e-transaction relates to the language, culture, and values of the consumers (Asianzu, E& Maiga, G., 2012). Although complexity, privacy, and compatibility were the key factors in influencing the consumers’ tendency to use any e-services, two other element are known to be essential: the quality of internet and the advantages associated to using e-services (Majades, J., 2009).

The Factors Influencing Satisfaction, Trust, and Loyalty are Relies on e-commerce. Srinivansan, Anderson, and Pannavolu (2002) proved that the interactivity aspect of e-commerce applications is strongly related to customer loyalty. Interest in the cultures and trust of e-commerce is important to the buyer. Cyr (2008) found these user interface design variables are key antecedents to website trust and website satisfaction across cultures. Customer trust can be defined as a set of beliefs held by an online consumer concerning certain characteristics of the e-

supplier, as well as the possible behavior of the e-supplier in the future (Coulter and Coulter 2002). Anderson and Srinivasan (2003) found that both trust and perceived value, as developed by the company, significantly accentuate the impact of satisfaction on e-commerce loyalty.

The Saudi position in e-commerce globally. The Characteristics of Saudi Arabia is very important. Saudi Arabia is one of the most important markets in the developing Arab world with respect to the foreign E-retailers, even though the Internet user penetration rate in this country was relatively low 5% of the population in year 2003 (which is estimated to be around 1.4 million Internet users) (Sait, Al-Tawil, and Hussain 2004). E-commerce customer loyalty in Saudi Arabia is strongly influenced by customer satisfaction but weakly influenced by customer trust (Eid, 2011).

METHODOLOGY

This study will focus on the evaluation of one e-commerce websites in KSA. Quantitative methodology been used in this study with random sampling of 200 actual customers of e-commerce sites in Saudi Arabia. This study would focused on is Marka-Vip which is one of the leading fashion e-commerce sites in KSA. Marka VIP is an online shopping website that gather trends from all around the world, and categorize it in an attractive way to attract its customers.

The competitive advantage that Marka VIP offers is the discount on the products they offer, easy to purchase online, and a cash-on-delivery purchase. Adding to that, their items are 100% authentic as they only deal with the official suppliers or directly with the brand owners. The survey which is used divided into three main sections; First section is personal information such as gender, usage time, age, and education, Second section is the measurement question contain five question highlighted the accessibility, purchasing process, trustful, quality, and ease to use, And Third section has an open ended questions were asked about how often you recommended the website to other, the most things you like to prefer using e-commerce instead of traditional one, and overall comment and feedback.

After those questions have been answered the replies gathered were mainly by women in Saudi Arabia although some men were taken into account, adding to that it was a random collection that was distributed to everyone and not some people in particular. The measurements added where upon the main specific ages in Saudi Arabia that are seen most through the virtual world. For instance we chose ages that are between 16 and 20 who are mainly still high school students who later on will move to universities and then we chose 20 to 25 who symbolizes maturity for us to specifically highlight over the ages in a more significant way.

As we chose Marka-Vip we came to see that Namshi was the most visited as our given data had the best 3 sites in Saudi Arabia which are Namshi, Sukar, Souq, and Marka-Vip which shows that we are also trying to highlight a wider scope of ecommerce users. As for sites we mainly focused on shopping sites in Saudi Arabia as they are the most visited. We also were seeking an answer of whether Saudi Arabian sites are trusted or not, which later came out to be moderate. Ecommerce in Saudi Arabia is increasing rapidly and as for that people are becoming and adapting to E-commerce conformability.

FINDING

According to the finding, e-commerce become an important way of shipping in Saudi Arabia with a percentage 93.94% females. Women use ecommerce a large proportion of young people in the age between 20 and 25 with percentage of 66.33% and 33.67% between 16 to 20 years. A large number of people prefer shopping through online because it is very easy and reachable with percentage of 75.76% agreed. Respondents likes do shopping online because it's faster with 27.27% strongly agree and because its reachable with 20% and having uniqueness designs and product with 35%.

There is 75.51% in 1 to 3 times per month they are purchasing online, 18.37% in 3 to 6 times and more than 6 times has 6.12%. Ecommerce has 66.67% are very easy and accessible by everyone because Internet availability. However, 33.33% from the sample said e-commerce is not accessible. 12% of the respondents choose a lot of people is a confidence and trust Saudi's e-commerce site, 35% is choose modern amount, 39% are choose a little and not at all is 14%. The best reason because most trusted sites began from foreign countries and also e-commerce market still yang, there is 61.22% of the sample choose sometimes are satisfied by the quality and customer service provided, 31.63% are choose satisfied and 7.14% not satisfied. More than 60% of respondents are use Namshi site in Saudi Arabia. On the other hand the 37.63% are choose souq.com and the 21.51% are choose Marka-vip.

Namshi has very easy steps in site to deal purchase process, 33% is a large proportion considering the launch an Ecommerce Business because a lot of people have more knowledge about ecommerce and they more wiliness to try it. 20% say no considering the launch an Ecommerce Business because several reasons such as, not interesting, not my thing, not interested in being a business owner and some people don't have a time. Although, there is 32% actually thinking about to considering the launch an Ecommerce Business and there is 15% not at all to considerate.

The summary of Statistical is the most of Saudis prefer to deal with e-shopping sites in the operations because they are due to a little time and effort.

DISCUSSION

Based on the analysis conducted on Marka-VIP e-commerce detainments and satisfaction the previous results revealed the followings:

1. Customer Adoption and Usage:

According to the results presented, the main reasons towards customers' adoption of e-commerce were mainly due to two factors: ease of use and speed of transactions. Although speed of transactions is one of the key characteristics of e-commerce, the ease of using have proved to be the most dominant factor in influencing the customer adoption. That is how the results have backed what Al-Ghaith, Sanzogni and Sandhu (2010), proved by complexity being a key factor in influencing the consumers' usage to e-commerce. As for the customer usage, women of the age 20-25 years old proved to be more likely to use e-commerce than those in between the age of 16-20 years old. Although the customers' frequencies of using these services were varied, it was recorded that the most frequent customers' online purchases were made almost 1-3 times a month. Where in 3-6 times a month were the moderate, more than 6 times where the least frequent.

2. Customer Privacy and Trust:

One of the rising issues that play a role in influencing the customers' willingness to use/adopt online services is customer privacy protection and trust concerns, regarding such services. The analysis has indeed proved that customers' trust in online services was very low, wherein only 12% of customers expressed their confidence and trust in providing their personal information when using online services. Here again, the results have been consistent with Al-Ghaith, Sanzogni and Sandhu (2010), were privacy is one of the key factor in influencing the consumers' usage to e-commerce.

3. Customer Satisfaction and Loyalty:

It is very well known that Customer satisfaction is the best indicator of how likely a customer will make a purchase in the future. According to the results stated, E-commerce customer loyalty in Saudi Arabia is strongly influenced by customer satisfaction but weakly influenced by customer trust, although the opposite was the case regarding the factors influencing satisfaction and loyalty. According to Anderson and Srinivasan (2003), they found that both trust and perceived value, as developed by the company, significantly accentuate the impact of satisfaction on e-commerce loyalty.

Based on the survey conducted the results detected that 31.63% of the people from both the gender are satisfied, 7.14% showed their dissatisfaction, and 61.22% are sometimes satisfied. It shows that there is a big question mark about why sometimes they are satisfied and sometimes no, based on it this highly recommends to look for the reason why they are dissatisfied and to improve the customer satisfaction through: (1) Learning how to survey customers in the right way (to know the reasons and causes behind their dissatisfaction). (2) Avoiding to make these customer retention mistakes. (3) Setting customer expectations. (4) Building customer loyalty to increase customer satisfaction. Finally, "Always remember that Customer satisfaction is worthless. Customer loyalty is priceless" Jeffrey Gitomer.

4. Customer Accessibility of Internet:

Two main factors are very well known and have a strong impact in customer Accessibility of Internet are: (1) The quality of internet (if the internet is a high speed, low speed, etc... the customer will not be able to buy from websites, if he will face such a problem but if the was the opposite, he will buy from the websites and save time). (2) The advantages associated to using e-services (It's a save time, you can receive products from the entire world, you can avoid waiting in queues). Based on the survey's results, 66.67% think that it's easy and accessible to use e-services and buy from e-websites, but 33.33% face a difficulty in using them.

The reasons why people do not have Internet access are potentially relevant to understanding why people do not engage with e-commerce. To improve the user experience of your e-commerce store and gain more customers, you should focus on: (1) Speed of Checkout Process, this is the most important factor world because Customers want to go from start to end quickly. (2) Ease of Use, which means making things obvious to the customers and insuring the store provides all the necessary information in a simple way for

them. (3) Enhance the Mobile Experience. Finally, install for the customers mobile applications since most people use their phone all the time and will be happier to buy from the phone rather than opening the laptop and looking for the website.

CONCLUSION

To sum up, although we live in technology age, the adoption of E-commerce is considered as a new concept. Due to many key factors that were mentioned before; complexity, privacy, compatibility, customer trust and loyalty. The main highlights of this study were concerning the e-commerce's ease of use, extent of personal privacy, customer satisfaction, and the availability of internet towards customers. In the end, in order to improve the adaption of e-commerce and increase the popularity of credit card use, a future research is suggested regarding improving the customer personal privacy.

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