

دراسات نقدية

Online Shopping – A Customer's Point of View in
Saudi Arabia

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نقد الرسالة من ناحية الشكل

ارتأيت أن ابدأ بنقد الذات فاخترت نقد رسالتي الخاصة للماجستير لأوجه لها النقد بعد مضي عشر سنوات تماما على إتمامها.

- **عدد الصفحات:** يعتبر عدد الصفحات جيد كرسالة ماجستير حيث بلغ 152 صفحة شاملا الملاحق.
- **ترقيم الصفحات:** تم ترقيم الصفحات قبل التمهيد بالترقيم اللاتيني.
- **صفحة الغلاف:** تم استخدام الخط Time New Roman وإضافة شعار الجامعة في أعلى منتصف الصفحة، ولكن هناك ملاحظات متعلقة بأحجام الخطوط المستخدمة في صفحة الغلاف.
- **صفحة الإشراف:** لم يتم تخصيص صفحة للإشراف وإنما تم تضمين اسم المشرف وشكره في صفحة الإهداء.
- **الفهرسة:** تم فهرسة البحث بشكل جيد بحيث يشمل كافة العناوين الرئيسية والفرعية، وتم إضافة فهرس للجداول وآخر للأشكال.
- **الخط المستخدم في الرسالة:** تم استخدام الخط Time New Roman بحجم 12 حسب الموصى مع ترك مسافة سطر ونصف بين الأسطر.
- **اللغة المستخدمة:** تم استخدام اللغة الإنجليزية المبسطة وسهلة الفهم، وقد يكون أحد الأسباب لذلك أن اللغة الإنجليزية هي ليست اللغة الأم للباحث.



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MSc in Supply Chain Management (DT351)

Online Shopping

A Customers' Point of View in Saudi Arabia

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DECLARATION

I certify that this thesis which I now submit for examination for the award of **MSc in Supply Chain Management**, is entirely my own work and has not been taken from the work of others, save and to the extent that such work has been cited and acknowledged within the text of my work.

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ABSTRACT

This research is about online shopping in Saudi Arabia from a customer's point of view. The topic was chosen because of the increase in online shopping globally, and the lack of studies available about Saudi society.

Various materials related to supply chain management, e-commerce, computer and internet security and privacy, marketing, consumer behaviour and customer relationship management were covered on the literature review.

A questionnaire was used to collect primary data from the targeted population (all adult internet users in the country). The experiences and opinions of 232 respondents regarding online shopping were measured in this research.

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CHAPTER 1:

INTRODUCTION

1.1 Introduction

The internet has become an important aspect in our lives in the last two decades. It helps to connect the world and make it like a small village. It is a great source for information in almost all areas. Organisations have been transforming their businesses to work online since the creation of the first World Wide Web website in 1991 (Chaffey 2009).

Online shopping has become more popular around the world. The number of online shoppers increased by 50%+ every week from 2012 to 2013 (PWC 2014). The increase in the number of online shoppers shows how important e-commerce is these days. For that reason, the study of consumers' views of online shopping is very important for various parties such as governments and businesses.

This study aims to study customers' points of view in Saudi Arabia about online shopping and identify different factors that influence consumers' decisions.

1.2 Why Saudi Arabia?

As in any other country, the number of online shoppers in Saudi Arabia is increasing year by year. The Arab Advisors Group Survey (2014) stated that 3.7 million of adult internet users in the country buy products and pay for services online. However, studies about internet shoppers in Saudi Arabia are limited and it is difficult to find detailed studies that provide information about the different dimensions of this area.

Saudi Arabia has a strong economy, which makes it one of the most important countries in the Arab World and the world in general. That reflects on the standard of living in the country and makes it a very interesting market for many organisations. This study aims to be a source for any organisation that needs to understand the opinions of Saudi society about online shopping.

1.3 Research question and objectives

1.3.1 Research question

What are the main factors that influence online shopping from a customer's point of view in Saudi Arabia?

1.3.2 Research objectives

- To explore the role of Supply Chain Management (SCM) in online shopping.
- To explore the e-commerce status in Saudi Arabia.
- To study general aspects about computer and the internet privacy and security.
- To provide a general aspect about the stages of marketing development.
- To study the main elements in consumer behaviour.
- To identify the drivers and barriers of online shopping from customers' point of view in Saudi society.

1.4 Research structure

This research will be organised into different chapters with each having an importance to and answer for the research question and objectives.

The first chapter is the introduction which contains a short background about the topic, the reason for choosing to study online shopping in Saudi Arabia, research question and objectives, and the research structure.

The second chapter is the literature review. Different topics related to e-commerce and online shopping will be discussed in this chapter. It will start with the supply chain management (SCM) and its role in online businesses. Following that, the concept of e-commerce will be covered and special attention is given to the current situation of online shopping in Saudi Arabia. Due to the importance of security and privacy in online shopping, computers, internet security and privacy will be discussed to give a general understanding about this important area.

As marketing plays a very important role in online businesses, the concept of marketing will be discussed, starting with giving an overview of marketing development over the years down to the concept of e-marketing, which will contain different sub-titles. Consumer behaviour will also be discussed, specifically the decision making process as it is important to understand how consumers think and make their decisions. The last section in the literature review will be about the concept of customer relationship management which will be discussed briefly to understand its benefits.

Chapter three will be the industrial review and contains two sections: internet service providers in Saudi Arabia and pre-paid credit cards in the country. As the research is about online shopping in Saudi Arabia, it is important to look into internet service providers and compare the different services that they offer. There is a special importance of pre-paid credit cards in Saudi Arabia, and this will be made clear in the literature review. It is important to explore the pre-paid credit card issuers and the conditions to have such cards.

The following chapter is methodology. Different research methodologies will be explored in order to choose the one that best suits the research. The research instrument will also be chosen in this chapter.

The next chapter is analysis of results which will contain all the analysis for the primary data collected.

The final chapter is the conclusion and recommendations. This chapter will conclude the outcome of the whole study and recommendations will be given.

CHAPTER 2:

LITERATURE REVIEW

2.1 Supply Chain Management (SCM)

The term “supply chain management” first appeared in the 1980s (Hugos 2011). Multinational companies are competing in terms of providing products quickly and timely and have good relationships with all partners upward and downward (Jespersen and Skjoett-Larsen 2005). That is what supply chain management is designed to do. Unlike what many people think, supply chain management is not a new name for logistics or operations management, and that will be clearer after discussing the SCM definitions.

2.1.1 Definitions

Some questions like “are logistics and supply chain management the same thing?” have always been asked. According to Marien (2003), people are looking to supply chain management (SCM) in a way that is connected to their jobs. Those who work on logistics think that SCM is what they do. The same goes for purchasing and manufacturing departments, as procurement think that building relationships with suppliers and providing raw materials is the SCM while manufacturing tend to think that it is just about producing products which meet customers’ expectations and needs. The same is believed by other departments within the organisation, but is SCM related to only one of these?

Chopra and Meindl (2013) define SCM as operations that are included in the chain and played a direct or indirect role to achieve customer requests, and everything related to the product or service is included in the supply chain.

Greef and Ghoshal (2004) provide another definition for SCM. They suggest that it is the process for creating the most efficient product, and that process includes the material flow, information flow, making the products, and delivering the final product to customers.

Sweeny (2007) defines SCM in four fundamentals: setting SCM objectives, SCM philosophy, managing the flows, and relationship management.

Fundamental one: Setting SCM objectives

For any plan to be implemented successfully, it is important to have a set of objectives that help to achieve the main targets and goals, give direction for people who create and implement the plan, and also work as a basis to evaluate the plan afterward (Sweeny 2007).

Sweeny suggests that the main objectives of SCM are to meet or exceed customer service requirements and to optimise the total investment and cost of supply chain.

Fundamental two: SCM Philosophy

It is not possible to handle SCM activities separately, because any change in a part of SCM will affect other parts (Waters 2007). That statement leads us to the SCM philosophy which is all about integration. There are two types of integration: internal and external. Internal integration describes the five main elements for manufacturing business: buy, make, store, move, and sell (Sweeny 2007). On the other hand, external integration is about the whole external chain starting with the suppliers and the movement of raw materials until the delivery of the final product to customers. External integration also includes the flowing of cash backward to the chain (Sweeny 2007).

Fundamental three: Managing the flows

To achieve the maximum level of effectiveness and efficiency for supply chain, material flows, money flows, and information flows within the chain must be managed holistically (Sweeny 2007).

Fundamental four: Relationship management

The relationship between the internal and external chains has to be good. Supply chain is a win-win game, not zero-sum, and that requires a good relationship between all parties.

Chopra and Meindl's (2013) definition is very generic while Greef and Ghoshal's (2004) definition is clearer, but it does not take the relationship between different parties into account. Sweeny's definition is wider than others. It explains SCM in a clear way and takes the different dimensions of supply chain management into account.

Having looked at these three definitions it is clear that Sweeny (2007) provides an excellent detailed explanation for the term. It discussed the different dimensions of SCM, making it clearer than the other definitions.

2.1.2 e-Supply chain management

Due to the fact that e-commerce is a type of trading that has the same functions as traditional businesses, supply chain management should be also used in this type of business.

Reynolds (2010) defines e-commerce as using computer networks such as the internet for buying, selling, distributing, marketing and servicing products or services. We are going to explore the idea of e-commerce in detail in the next section. E-business has a different meaning, and it is about digital transactions internally as Laudon and Traver (2011) describe. It is clear from the definition that the simple idea of e-commerce is about trading through computer networks (mainly the internet).

Distribution is one of the important parts of supply chain and it has a lot to do with customers, especially when talking about transportation.

Rushton, Croucher and Baker (2010) said that e-commerce has created more challenges for the supply chain. It usually requires delivery of small quantities to customers' homes, and it is sometimes difficult to arrange the delivery time with customers.

Chopra and Meindl (2013) state that online sales have many different impacts on the distribution network. It causes impacts on different factors of customer service and on cost. We are going to explore these factors briefly based on Chopra and Meindl.

Impacts on customer service

1. **Response time to customers:** unlike retail stores, the response time to customers takes a long time due to shipping time involved in the process. Online shopping may not be used for people who require a short response time.
2. **Product variety:** it is easier for online businesses to offer a wide range of products than a retail store. Offering a large selection of products at a store would not be that easy, as it requires a huge location and large amount of inventory.
3. **Product availability:** online retailers improve product availability by aggregating the inventory and also by understanding their customers' preferences.
4. **Customer experience:** online businesses provide better experiences to customers than traditional businesses. It is possible to place orders at any convenient time, which is not possible for most stores due to the limited hours of operation. Online shopping

is also a great solution for people who live in remote areas and have difficulty accessing stores.

Personalisation is another advantage provided by online businesses. Purchasing history of the customer allows the online business to display related products, which improves customer experience.

5. **Faster time to market:** manufacturing organisations that sell online can introduce their new products more quickly in comparison with traditional businesses. There is no need to produce a large amount of products to fill shelves at retailers' stores.
6. **Order visibility:** it is possible to provide visibility of the order status, which is very important to customers.
7. **Returnability:** returning products that were purchased online is much harder than products purchased from a traditional retailer. Returns are also expected to be much higher for online purchases, because customers cannot touch and feel the product before purchasing. That increases the cost of reverse flow.
8. **Direct sales to customers:** parts within the supply chain that do not have direct contact with customers in traditional businesses, such as manufactures, are able to get feedback from and build relationships with customers immediately through the use of the internet.
9. **Flexible pricing, product portfolio and promotions:** it is easier to change prices and assortments online. It is also much more effective to manage revenues from the available product portfolio online than with traditional channels. Promotions can be quickly and inexpensively passed to customers online if the business has access to its customer network.
10. **Efficient fund transfer:** it is more convenient and less costly to collect revenue online, especially for small amounts.

Impacts on cost

1. **Inventory:** aggregating inventories is a way to reduce inventory levels. However, the benefits of aggregation are small for high-demand products but large for low demand ones.

It is also possible to reduce the inventory by making the product available after receiving the customer's order instead of stocking it in the warehouse. Dell, for example, assembles its PCs after receiving the customer's order.

2. **Facilities:** two types of costs have to be taken into account for facilities: costs related to the number and location of facilities, and the costs for the operations that take place in these facilities. Centralising operations for online business will help to decrease the number of required facilities, which will result in cost reduction.
3. **Transportation:** for digital products such as movies, music and books the internet has significantly decreased transportation costs, as these products can be downloaded after the purchase. However, for non-digital products the aggregation of inventories increases the outbound transportation relative to inbound transportation. Because of the increase in the outbound costs, online businesses with aggregated inventories might have higher transportation costs per unit in comparison with traditional business with many retail outlets.
4. **Information:** all types of information can be shared online throughout the supply chain. That helps the company share planning and forecasting information which will reflect on reducing the overall supply chain costs and better match supply and demand.

2.1.3 Conclusion to supply chain management (SCM)

Supply chain management aims to provide products and services that meet or exceed customers' requirements as well as optimising costs. That can be done through the integration of all functions and process within the supply chain internally and externally. In addition, smooth flows of material, cash and information are important to achieving those aims. Building relationships with all related parties is a key element to success.

Supply chain management is also important for online businesses. There are many impacts of online sales on different supply chain elements, especially on distribution operations. Customer service and cost could be impacted by online sales in a positive way; however, negative impacts are also possible in some cases.

2.2 E-Commerce

When looking at the history of the internet provided by several authors (Curran, Fenton and Freedman (2012) and Charlesworth (2009) for example) it is clear that this technology has been developing for a long time in different stages.

Before starting to talk about e-commerce it is important to talk briefly about a few points on the history of the internet. Curran, Fenton and Freedman (2012) said that the internet started as a computer network in 1969 in the United States. They added that in 1972, e-mail or what was called network mail was founded. According to Charlesworth (2009), in the early 1990s the internet moved to a commercial environment after it had been used for a long time in academia, and the World Wide Web (WWW) was released in 1991.

Chaffey (2009) stated that organisations have been trading electronically since 1991 when Tim Berners created the first website on the World Wide Web (<http://info.cern.ch>). In general, e-commerce refers to the exchange of goods or services (sale and purchase) electronically over the internet (Chan et al. 2001). Schneider (2011) argued that e-commerce is wider than buying and selling goods and services online, and it includes different activities between business to business trading and the processes that are used internally by companies to support everything related to this trading such as buying, selling, hiring and planning.

Reynolds (2010) provides a definition for e-commerce as using computer networks such as the internet for buying, selling, distributing, marketing and servicing products or services.

Dann and Dann (2011) define e-commerce as doing business activities through electronic systems, including different functions such as e-marketing. That includes different types of electronic business models, such as the operations between businesses and customers or the exchange of data between businesses.

Dann and Dann's (2011) definition shows that in reality, e-commerce is more than buying and selling over the internet. There are many different activities that are included within e-commerce. It is clear from the definition that e-commerce has to do with different electronic business models, including business-to-business. This point will be discussed in more detail later on.

2.2.1 E-Business VS. E-Commerce

E-business and e-commerce are not the same thing. While e-commerce is about commercial transactions between organisations and individuals on the internet, e-business is about digitally enabled transactions and processes within the organisation (Laudon and Traver 2011). Commercial transactions and exchange of value are not included in e-business. In other words, e-commerce is generating revenue for the organisation while e-business is internal processes to support e-commerce exchanges. In the case where the internal business systems are connected to external suppliers and customers, e-business and e-commerce systems overlap with each other.

2.2.2 Types of e-commerce

Laudon and Traver (2011) categorise e-commerce into five different types: B2C, B2B, C2C, P2P and M-commerce.

Business-to-Consumer (B2C) e-commerce

B2C e-commerce is the type in which online businesses are targeting individual consumers. It is the most common type of e-commerce and it contains different modules: portal, online retailers, content providers, transaction brokers, market creators, service providers, and community providers.

Business-to-Business (B2B) e-commerce

B2B is the largest type of e-commerce and it accounted for \$3.6 trillion in transactions in the United States in 2010. In this type of transaction, companies are selling to other businesses. There are two main types of business models within this type: net marketplaces and private industrial networks.

Consumer-to-Consumer (C2C) e-commerce

C2C is the type in which trading exchanges can be done between consumers themselves on online websites that allow this kind of transaction. These websites are known as market makers, such as the well-known auction website eBay. The consumer prepares the product and offers for it sale on the market maker's catalogue, and the website is responsible for generating traffic so other consumers who might be interested in the product can buy it.

Peer-to-Peer (P2P) e-commerce

This type is based on the idea of peer-to-peer technology that allows the sharing of files and computer resources by internet users without the use of a central web server. The possibility of making money on peer-to-peer networks is through encouraging a very large number of internet users to share files and view advertising messages in the sharing process. Simply, P2P networks are advertising networks.

Mobile Commerce (M-commerce)

This concerns using wireless devices to complete web transactions, including connecting mobile devices such as laptops, tablets and smartphones to a wireless network.

As this research is based on individual Saudi consumers' views of online shopping, any related topics will be focused on end consumers, which means B2B e-commerce is not important for the purpose of this research.

2.2.3 E-Commerce in Saudi Arabia

According to a report published by the Arabian payment gateway Payfort (2014), the total population in Saudi Arabia is 28 million (57% males and 43% females). The number of internet users in the country is 15.6 million, which is 54% of the total population.

The Arab Advisors Group Survey (2014) shows that 3.7 million adult internet users in the country buy products and pay for services online. The estimated amount spent by these users in 2013 on buying products and paying for services through e-commerce was \$4.3 billion.

A 2014 Payfort report shows that 3.9 million internet users in Saudi Arabia are transacting online. Males account for 85% of the total online transactions while females only account for 15%.

MasterCard Online Shopping Behaviour Survey (2014) showed more interesting results, as it shows that nearly 50% of the survey respondents access the internet for online shopping and 80% of them were highly satisfied with their experience. A previous MasterCard survey (2012) reported that consumers in the age group of 18-24 years are the majority of consumers who shop online. Surprisingly, just under half of the Saudi population are 24 years of age or younger (Payfort 2014). Bearing in mind that according to the US Central Intelligence

Agency (2014) the age group 15-24 only accounts for 19.3% of the total population, we find that the age group 18-24 only accounts for a low percentage of the total population (less than 19.3% after dropping the ages 15-17). That means online shopping is being led by less than 19.3% of the country's total population.

Aaron Oliver, head of emerging payments Middle East and Africa, MasterCard, said that there is a rapid growth in the e-commerce industry in Saudi Arabia. The increase in the number of internet users and the availability of secure online payment methods allows companies to increase their online work and target more customers. He went on to say that considering the benefits of online shopping it is no surprise that more people are shopping online.

The MasterCard study also reported that the website www.souq.com was identified as the biggest e-commerce website and the most commonly visited. The results also show that the next three popular websites following souq.com are Amazon, eBay and Saudi Airlines. Those results are different from a previous MasterCard survey (2012) which found that Amazon was more popular than Souq.com with 11% of the respondents, while Souq.com got only 7%, 6% for www.cashu.com and 6% for eBay.

The Payfort report (2014) ranked e-commerce websites in Saudi Arabia based on Alexa ranking (www.alexa.com) and the result showed that souq.com, ebay.com, aliexpress.com, alibaba.com, extrastores.com, sukar.com, namshi.com, and markavip.com are the most popular websites in the country respectively. However, Alexa ranked websites based on traffic (the number of visitors) which is not reliable, as not all visitors are going to buy products.

There are different factors that influence online shopping decisions for Saudi consumers as the MasterCard survey (2014) revealed. The main factors were the reputation of the website, secure payment and value of items. These three factors were the same in the MasterCard (2012) survey, and there were two more factors which are speed of transaction and convenient payment methods. It showed that 73% of the respondents chose reputation as a factor, secure payment 72%, price/value of items 72%, speed of transaction 72% and convenient payment methods 70%.

According to Payfort (2014), Saudi people are buying products and services from different categories through the internet: Airline tickets 24%, electronics 20%, hotels 12%, entertainment 9%, clothes 8%, books 5%, others 4%, auto parts 3%, sports 3%, health 3%, garden 3%, collective 2%, toys 2%, and grocery 2%.

Nearly 15% of the MasterCard (2012) survey respondents said that they used their mobile phones to purchase online. The numbers in the recent survey were similar to the previous one; however, many respondents said that they are going to use their mobile phones to purchase online in the six months following the study.

Examples of e-commerce websites in the Arab World

www.souq.com is a very popular online marketplace. The company stated that its website is the largest e-commerce site in the Arab World (Souq.com ND). 400,000 products are available on the website and it attracts more than 23,000,000 visitors monthly. The company headquarters are located in Dubai, and commercial offices are available in Egypt, Saudi Arabia and Kuwait. The company also has a technical and development center in Jordan.

Souq.com sells products itself as well as allows businesses and individuals to sell brand new and used products. Products can be listed for sale on the website for free; however, fees are required when a sales is made. That means this website is working as both a B2C and C2C marketplace.

Recently, the website fund was increased by \$75 million (www.alarabiya.net 2014). The chief executive and co-founder said that the company will use the fund for investing in new technology and studying new markets.

www.sukar.com is another well-known e-commerce marketplace operating in GCC Countries (Gulf Cooperation Council which includes Saudi Arabia, Bahrain, Kuwait, United Arab Emirates, Oman and Qatar), Jordan, Lebanon and Egypt (Sukar ND). The website was acquired by Souq.com in 2012. Unlike Souq.com which sells products in many different categories, Sukar mainly sells internationally known fashion products for men and women and also electronic devices.

Sukar is a B2C marketplace only. The website works as an online retailer business and only sells products for itself.

The above two regional websites and others such as www.namshi.com have been very successful in the Arab World, and more specifically in GCC countries. Although these websites might not be as big as some international websites like Amazon and eBay, they have some advantages which make them more favourable to many people in the region. All these websites offer a cash-on-delivery payment method, which is not available on a website like Amazon. This point is a great advantage for consumers who fear making online payments. It is also good for those who do not have credit cards, as banks in Saudi Arabia do not issue Visa debit cards and there are specific conditions to get a credit card which might be not possible for everyone. However, some banks offer prepaid credit cards which are usually easy to get. The Payfort (2014) report shows that 76% of online transactions in Saudi Arabia were made by cash-on-delivery and only 24% were made by credit cards. This percentage for cash-on-delivery is still the lowest in comparison with other gulf countries. This shows the importance of the cash-on-delivery payment method.

Another advantage of Souq.com specifically is free delivery and free returns. Shipments are made at no additional cost and there is no minimum spending amount for that as well. This advantage is only for products which are sold by Souq.com itself, but the external sellers can choose whether to offer free or paid delivery. In addition, the fact that these websites are located in Arab countries, including Saudi Arabia, makes the delivery faster than international websites. Also the cost of delivery for the websites that do not offer free delivery is cheaper because of the distance.

www.extrastores.com is a website for a large electronic retailer in Saudi Arabia. Unlike previous websites, Extra works online and offline and customers can purchase products from local stores or online using the website. Customers can choose to buy products and collect them in person from stores or get them delivered to their homes.

2.2.4 Conclusion to e-commerce

E-commerce appeared when the World Wide Web (WWW) was released in 1991 and includes different types of business, such as business-to-business and business-to-consumer. Unlike what many people think, e-business and e-commerce are not the same. E-business

refers to the use of digital process within the organisation while e-commerce is about online transactions.

Many studies and reports show that e-commerce is becoming more popular in the Arab World. In Saudi Arabia, many adult internet users have purchased goods or pay for services online. Regional websites like www.souq.com and www.sukar.com are very popular because they provide very important services for customers, such as cash-on-delivery which is not available with well-known international websites like Amazon.

In general, it seems that e-commerce will become more popular in Saudi Arabia in the future.

2.3 Computer and internet security and privacy

Being secure is important for everyone who uses a computer, especially when connected to the internet. Any lack of protection causes a bad effect on the user's privacy and security.

The area of computer and internet security and privacy has a lot to do with e-commerce. From a customer's point of view, security and privacy are hugely important when talking about online shopping. Because of the importance of this topic, different aspects of computer and internet security will be discussed in this section.

2.3.1 Computer security and privacy

Terms like confidentiality, which is defined by Bishop (2005) as 'the need of keeping information hidden and secret' are very important for computer security. Unlike businesses, individuals might not care that much about confidentiality, but it is still important for them because nobody wants to reveal their own information publicly. This is especially the case with very sensitive information like credit card information. This shows the importance of computer security and explains why a lot of attention is given by experts to this area.

There are a huge number of topics covering the different dimensions of computer security and privacy. However, some topics that will be covered in this section are those that benefit individuals by providing some basics about that area while ignoring the very technical topics which are only important for professionals and experts in computer security.

Parker (2003) defined computer security as the protection of computers from unauthorised use using different methods.

This definition gives the main goal of computer security, which is to prevent the unauthorised use of computers.

There are different ways to access a computer without being authorised, and one of them is to use malicious software which is known as malware.

Mell, Kent and Nusbaum (2005, p. 2-1) defined malware as:

"a program that is inserted into a system, usually covertly, with the intent of compromising the confidentiality, integrity, or availability of the victim's data,

applications, or operating system (OS) or of otherwise annoying or disrupting the victim.”

So the purpose of malicious software (malware) is to take over the victim's system and get the available information which could be confidential and sensitive. There are different types of malware such as computer viruses, worms and Trojan horses to name but a few.

Trojan horses (Trojans)

Kaspersky Lab (ND) defines Trojan viruses as malicious programmes that do activities which have not been authorised by the user, such as deleting, blocking, modifying and copying data.

Trojan horses are a type of malicious programme which is designed to encourage users to run them by trying to catch the user's interest with useful functions (Szor 2005). In some cases, hackers insert Trojan horses within a real programme to allow them to perform malicious activities on the system later (Szor 2005).

From the above definition and explanation, it appears that the danger of Trojan horses comes from the fact that these malicious programs are designed inside real tools which might interest users. A lot of software comes from unknown sources which provide users with great functions, but if the software contains a Trojan horse, it might be used later on to perform malicious activities on the user's computer.

Szor (2005) said that there are two kinds of Trojans: one hundred percent Trojan code which is not difficult to be analysed, and careful modification made by a malicious hacker to an original application to add extra functions which allow the hackers to do their activities. The second type is usually used on open source systems because it is easy to be modified by the attacker.

Computer viruses

Stallings and Brown (2012) define a computer virus as a software program which affects other programmes by making modifications to them, including a routine injected into the original code to make other copies of the virus code, which then affect other content. Computer viruses are similar to Trojan horses but the difference, as Bishop (2005) indicates, is that viruses can replicate themselves.

From the definition, it is clear that computer viruses are more dangerous than Trojan horses, and they are designed to cause more damage to the system by affecting more and more

content. There are different types of computer viruses. Mell, Kent and Nusbaum (2005) divided them into two main types, compiled viruses and interpreted viruses, and there are different sub-types of viruses under each of them.

Worms

Worms are more serious and dangerous than Trojan horses and computer viruses as the definition shows. Mell, Kent and Nusbaum (2005) define worms as self-replicating programmes which can work alone without being hosted in another programme to affect the victim. They also added that worms also self-propagate which are alike viruses can create copies with full functions but also running on the system without the user intervention.

Worms also come in different types, such as network service worms and mass mailing worms which are spread by email messages (Mell, Kent and Nusbaum 2005).

2.3.2 Internet security and privacy

Computer and internet security and privacy are strongly linked for many reasons. Trojan horses, computer viruses and worms can infect computers from online sources such as software that is downloaded from the web. However, in this section we are focusing on web-based issues such as online payments and internet protocols, because computer threats were already discussed in the previous section.

Even big, well-known websites face security and privacy problems all the time. Recently, the website eBay asked their users to change their passwords as they discovered unauthorised access to their system that might have exposed customer information (eBay 2014). The company said that there is no evidence that this unauthorised access affected the financial data of customers, but the password change needed to be done as a precautionary step. eBay is not the only case; many well-known websites have had similar problems, which shows how important online security and privacy issues are.

Online payments

There are different ways of sending and receiving money for online products and services. As shown previously in the e-commerce section, many major e-commerce websites that are popular in Saudi Arabia such as Souq.com and Sukar.com offer a cash-on-delivery payment method as well as electronic methods using credit cards, PayPal or other methods like

www.cashu.com, which will be discussed later. In some cases, consumers choose or are forced to choose an electronic payment method like credit cards or PayPal, especially when dealing with international websites like Amazon and eBay.

Some well-known and trusted websites like Amazon accept credit cards payments immediately on their systems. However, it is not always a good idea to pay with credit cards on websites, as the payment process might not be secured enough (further details about secure protocol, HTTPs, will be discussed later on). For that reason, many e-commerce sites are accepting electronic payments through trusted platforms such as PayPal which is widely used. In the Arab World, there is a similar Arabic website called CashU.

www.paypal.com is a website for sending and receiving payments that needs no introduction. Since its foundation in 1998 it has quickly become one of the fastest growing companies in history in terms of customer base and revenue (Williams 2007). Consumer and merchant accounts are available in gulf countries including Saudi Arabia; however, money withdrawal for merchants is only available to a U.S. bank account, credit cards or debit cards (Curley 2013). Merchants can also withdraw money using prepaid credit cards issued in the Middle East.

As money withdrawal to local banks is not available in Saudi Arabia at present, merchants find it inconvenient to completely depend on it to receive payments. However, it is still a good option to use PayPal, especially since withdrawing money through prepaid credit cards is available, and those cards can be issued easily by some banks in the country. But this method might not be suitable for withdrawing a large amount of money. Prepaid credit cards will be discussed in more detail in the industrial review chapter.

www.cashu.com is an Arabic website which was founded in 2002 to help businesses receive payments online (CashU ND). CashU allows shoppers to make payments after topping-up their CashU account using voucher cards that are available in many vendor stores across Arabian countries. Consumers can also top-up their accounts using credit cards and other payment gateways such as Ukash. CashU is accepted by many Arabic e-commerce websites such as Souq.com and Royal Jordanian Airlines to name a few.

The main advantage that makes CashU better for Saudi businesses is money withdrawal. Unlike PayPal, businesses with CashU can withdraw money immediately to their local bank

accounts. It also allows businesses to accept payments from people who do not have credit cards, as people can top-up accounts using voucher cards.

www.onecard.com is another Arabic website which allows businesses to accept online payments. It was founded in 2004 in Saudi Arabia (OneCard ND). There are many ways for shoppers to top-up their accounts on OneCard, including voucher cards, bank transfer, credit cards, PayPal, home delivered voucher cards and other methods.

One of the important advantages of OneCard for businesses is that all merchants are added to the OneCard shopping catalogue and that helps in generating more sales. As a Saudi company, OneCard voucher cards are available widely in the country, making it easier for shoppers to top-up their accounts.

www.payfort.com is a new Arabic payment gateway launched in 2013 at the ArabNet Digital Summit in Dubai (Chaaya 2013).

There are other international and Arabic websites for sending and receiving payments. However, PayPal is the biggest international website, and other websites might not be fully available in Saudi Arabia. For Arabic websites, CashU is the most common, and OneCard is common in Saudi Arabia as the company is located in Riyadh.

SSL and HTTPS protocol

Secure Sockets Layer (SSL) is the most common security method used on the internet (Laudon and Traver 2011). When using this type of communication channel an “s” is added to the http protocol by the internet browser, https, and that means a secure negotiated session will be established using SSL. A secure negotiated session ensures that all data that are being exchanged are encrypted.

A study conducted this year by Miller et al. (2014) shows that https traffic is risky. The researchers found that https traffic is more vulnerable than it was found by other researchers in the past.

This research suggests that https protocol is not secure enough. There is no technology that has been found to be 100% secure. However, as this technology is still in use and is trusted by many large companies such as banks for example, that makes it acceptable at this stage unless serious risks are revealed in the future.

Phishing

Phishing is a way of deception used by a third party in order to receive confidential information online for financial benefits (Laudon and Traver 2011). Phishing attacks do not make use of malicious code in order to get information, but instead uses fraudulent techniques to get confidential information from victims. The most common phishing attack is using e-mail scam letters. These messages usually state that a person needs the victim's help in transferring millions of dollars to his or her account and the victim has then to transfer it somewhere else after taking the commission. There might be a link in the message, and by clicking on it the victim will be forwarded to a page asking about some confidential information. This type of phishing is known as "Nigerian letter". There are thousands of different phishing attack methods, such as an e-mail claiming to come from PayPal or eBay asking victims to verify their accounts. Clicking on the link provided in the e-mail will transfer the victim to a website controlled by the scammer, and the victim will be asked to provide confidential information about their accounts on these websites.

Phishing is still in use and internet users should be aware of it. It is also possible that scammers will start changing their methods as awareness increases and also to suit the continued development on the internet. Fake e-commerce websites might be used by scammers to try to attract customers with cheap prices. This is only an example and there are many methods which might be used by scammers.

2.3.3 Conclusion to computer and internet security and privacy

There are many different threats on computers and the internet such as Trojan horses, computer viruses and worms which used by hackers to conduct unauthorised processes on the victim's computer. Furthermore, scam methods are being used to gather confidential information (usually online) such as phishing emails. The use of anti-virus software is helpful to protect computers from malicious software. However, it is always important to be aware of the different threats and scam methods in order to ignore them.

2.4 Marketing

Marketing is an important function for any organisation, including businesses that work online. In this section we are going to explore the concept of marketing at different stages down to online marketing.

2.4.1 Marketing in the past

Many marketers and businesses think that marketing management was founded in the 1950s but it actually began in the 1900s and it was described as scientific marketing management (Londe, Morrison 1967). Marketing in the past was only about moving commodities from the production point to the consumption point (Bradley 1995).

As in any other management sectors, marketing has been developed year by year. To have a good understanding about this field, it is important to look at how marketing has changed over time until its current form in the modern business environment.

Marketing has passed through different stages which are called marketing orientations. There are different orientations that have been devolved, starting with production orientation.

1. Production orientation

Production orientation was used especially in manufacturing organisations and it was mainly about producing high quantities of products in order to decrease the production cost to as low as possible (Adcock, Halborg and Ross 2001). The idea of this orientation was to produce products and then find customers to buy them, as the organisations tended to think that a high quality product would sell itself (Kurtz 2012). It seems that this orientation was ignoring customers' needs and was just trying to minimise production cost without paying attention to customers. According to Adcock, Halborg and Ross (2001), this orientation was used in the Western European market until the 1950s (See Table 2.1).

Table 2.1 – Marketing orientations

Orientation	Profit driver	Western European timeframe	Characteristics
Production	Production methods	Until the 1950s	The improvement of production and distribution, in order to achieve a reduction in costs and improved efficiency
Product	Quality of product	Until the 1960s	The quality of the product is paramount. Focus on product not customers' needs
Selling	Selling methods	1950s and 1960s	Effective selling and promotion are the major drivers to success
Marketing	Needs and wants of customers	1970 to present day	Focus on providing the goods and services that will satisfy the needs and wants of consumers
Relationship marketing	Building and keeping good customer relations	1980s to present day	Emphasis is placed on the whole relationship between suppliers and customers. The aim is to give the best possible attention, customer services and therefore build customer loyalty
Societal marketing	Benefit to society	1990s to present day	Similar characteristics as marketing orientation but with the added proviso that there will be a curtailment on any harmful activities to society, in either product, production, or selling methods

Source: Adcock, Halborg and Ross (2001)

As Adcock, Halborg and Ross (2001) said, Ford Motor Company of Detroit was using this kind of marketing strategy. Developing a mass-production process made Ford the largest automobile manufacturer. Using that strategy allowed Ford to offer cheaper cars to its customers, and for that reason the company produced double the number of what General Motors (GM) produced yearly (1.5 million in 1927). However, in that year (1927), Ford was unable to sell the cars because customers were buying the modern cars that Ford's competitors were producing, causing GM to be the market leader instead of Ford.

Kurtz (2012) mentioned the famous slogan of Henry Ford "They can have any color they want, as long as it's black" and that shows how the company only offered one colour of cars to its customers.

From Ford's example, it is clear that forcing customers to buy certain products without paying attention to their requirements was very successful in the beginning. The reason might be that there were not many alternatives to choose from. What supports this idea is that in 1927, customers were buying modern cars instead of Ford. Before that year, Ford's competitors were not offering something special, and for that reason Ford's cars were more popular due to the cheap prices. However, when competitors start making something special, the game changed.

2. Product orientation

Another orientation was called product orientation, which focused on quality but also ignored customers' requirements (Adcock, Halborg and Ross 2001). The logic behind this strategy was to produce products which were good value for the money which made customers interested in buying them. This strategy was common in high-technology companies such as Sony, which was one of the companies who succeeded in using this strategy. The founder of the company Masaru Ibuka and his commercially aware partner Akio Morita were doing an unusual job as they went out to meet the potential customers and did a kind of market research by listening to customers talking about the benefits that they wanted from products. Although it might seem a very unusual job for the company founder, Masaru Ibuka came up with the idea of the Walkman from those visits. Unfortunately, this strategy did not work well for all Sony products as some of them had failed, such as the Betamax video recorder.

This strategy seems to be effective for some types of products. However, since we know that it did not work for all Sony products it is clear that making high quality products is not the only key factor to success. Customers might like the quality and features for some products and that helps the company to succeed, but in some cases ignoring customers and not asking them about their needs might cause failures.

3. Sales orientation

Following that, what was known as sales orientation appeared (Adcock, Halborg and Ross 2001). This orientation focused on product promotion and increased sales for the existing products by sales staff. This strategy did not take care of customers' needs as well. It was focusing on competition and targeting more customers.

Kurtz (2012) noted that the increase of sophistication in production techniques in the United States and Europe between the 1920s and 1950s resulted in increased output. That forced manufactures to focus more on sales to find more customers for their products.

Same as production and product orientations, sales orientation was working far away from customers' needs. The advanced manufacturing technology might have caused organisations to use this strategy at that time but did not need the change. It is totally clear that companies at that time continued to ignore customers and was just thinking of increasing sales.

2.4.2 Contemporary marketing

After briefly discussing the marketing stages over the years, it is time to talk about what marketing looks like in modern business environment. It is not easy to define marketing, even for academics who have spent a long time studying this area (Barnes et al. 1997).

4. Marketing orientation

After the sales orientation, what was known as marketing orientation appeared. This orientation, as Adcock, Halborg and Ross (2001) said, recognised the importance of customer needs and satisfying customers. When customers buy a product because it is a good value but does not meet their requirements in full, they will stop doing so whenever a new product which satisfies their needs is produced. But when the company produces a product which meets customer needs, it will help to increase loyalty. That is simply what marketing orientation is about.

Kurtz (2012) stated that marketing orientation appeared because of the shift that happened in the market. From having few products and services with a high number of buyers (demand is more than supply), the market changed to more products and services being available than buyers (more supply than demand).

Organisations might be forced at the time that supply was more than demand to start marketing orientation because of the high number of products but that benefited customers surely. This was the first orientation which started thinking of customers as a centric point for marketing, in which their needs and requirements should be studied before anything else.

5. Relationship marketing

Things did not stop there. After marketing orientation a new orientation known as relationship marketing was developed. According to Kurtz (2012), this orientation is about building lasting relationships with both suppliers and customers. In production orientation, organisations focus on individual sales or what is known as transactions. At that time, the relationship between buyer and seller was minimal, or there was no relationship at all. Now organisations started to think differently. Marketers needed a good understanding of customer needs over time so the company could be able to provide customers with all the requirements and encourage them to repeat purchases.

Relationship marketing changed the way that marketers work as shown above, as they have to understand customer needs on a long term basis. This type of marketing is important for the highly competitive market developed by globalisation. As globalisation has made the globe like a small village, it is always important to satisfy customers which requires building good relationships; otherwise they can easily switch to other competitors.

6. Social marketing

This orientation is a developed view of marketing orientation. While marketing orientation is focused on the benefits to particular customers, societal marketing does the same thing but additionally takes the needs of the whole society into account (Adcock, Halborg and Ross 2001).

Having shown the development of marketing over the years, it is time to look at some contemporary marketing definitions. Kotler and Armstrong (2012, p.4) provide a short definition for marketing as:

“Marketing is managing profitable customer relationships.”

And the authors continue to describe marketing as:

“Satisfying customer needs” (p.5).

Cannon (1980) defines marketing as the management which determines and predicts the customers’ needs and supplies those needs to them in an efficient and profitable way.

When looking at these definitions, it seems that the key word in both is “profitable”. The second definition might look different as the term (relationships) is not mentioned. However, organisations cannot determine and predict customers’ needs perfectly without having good relationships with them as mentioned previously. So both definitions agree that to make profit, companies have to have a good relationship with their customers as well as satisfying their needs.

2.4.3 Marketing mix

Barnes et al. (1997) said that marketing mix works like cooking. Cooking contains different ingredients, but these ingredients are not the only important part of the process. The utensils

and stove, for example, are really important and the type of mixing bowl should also be taken into account. Marketers work from the same basic idea, as they have a range of ingredients and the necessary skills and techniques should be added to the ingredients to have a good marketing mix.

Adcock, Halborg and Ross (2001) mentioned that marketing mix was used to describe the mixture of factors that an organisation has some specific control over. Neil Borden made the first attempt to list these factors in 1964. Twelve internal variables were suggested by Borden as part of the mix (see Figure 2.1).

Figure 2.1 - Original marketing mix

Internal factors in the original marketing mix		
Borden's list of controllable internal variables had 12 specific factors:		
■ Product policy	■ Promotions	■ Pricing
■ Servicing	■ Branding	■ Channels of Distribution
■ Packaging	■ Personal Selling	■ Physical Handling
■ Display	■ Advertising	■ Fact finding and Analysis

Source: Adcock, Halborg and Ross (2001)

These 12 factors are not easy to remember and that is the reason why Jerome McCarthy classified them into 4 major categories, known as the 4 Ps (Adcock, Halborg and Ross 2001):

- Product
- Price
- Place
- Promotion

As the marketing of services is important, 3 further Ps were added to marketing mix to give what is known as the 7 Ps (Barnes et al. 1997). These additional 3 Ps are:

- Physical evidence
- Participants (people)
- Processes

In short, marketing mix is different strategies that are being used and mixed together in a way that fits the targeted market.

There are so many details about marketing mix, such as product life cycle when talking about product and distribution channels when referring to location. However, the idea here is to give a general aspect about the topic without going too deeply into details.

2.4.4 Electronic marketing (e-marketing)

As a result of using the World Wide Web (WWW) in business, online marketing, or electronic marketing (e-marketing), has appeared. Kurtz (2012, p.104) defines e-marketing as:

“The strategic process of creating, distributing, promoting, and pricing goods and services to a target market over the Internet or through such digital tools as smartphones.”

It is clear that there is no difference between e-marketing and traditional marketing, as e-marketing is all about doing marketing functions online. The tools and channels for both are different, and that will be clear after discussing the following sections.

Search engines and search engine optimisation (SEO)

In the early 1990s, search engines were looking for pages that contained the search term more often and placed that page near the top of the search result list (Schneider 2011). However, in 1998 a new method was created by two students, Lawrence Page and Sergey Brin, for their search engine research project. Page and Brin are the founders of the well-known search engine Google, and changed the way that traditional search engines work. The idea was that in order to get better results, the search ranking should be measured by the relationships between websites. Any web page which has links to and from other highly relevant pages appears near the top of the search result list. This method proved successful and was much better at providing relevant results to users.

Being at the top of a search result list for an important search term is invaluable for any website, but getting there is not an easy job because there are millions of websites on the World Wide Web and all of them want to be at the top of search results. For that reason,

websites owners now pay special attention to what is known as search engine optimisation (SEO).

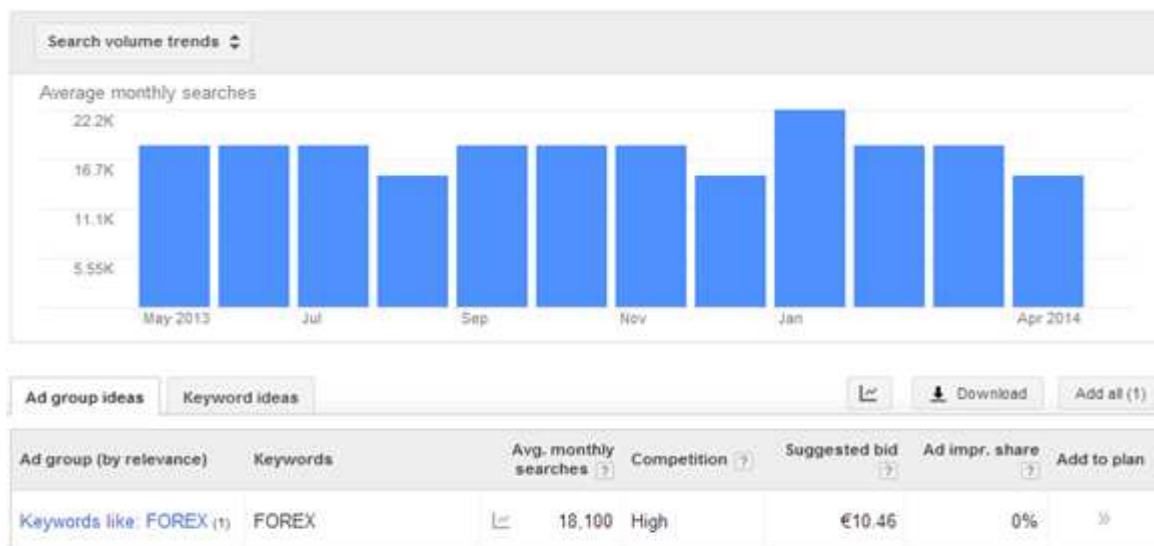
SEO is defined in the Oxford dictionary as:

“The process of maximizing the number of visitors to a particular website by ensuring that the site appears high on the list of results returned by a search engine.”

We are not going to explain how SEO work technically because it is a very complicated technical practice, and that is not important for research purposes. However, we can look at an example of being at the top of search results, which is the outcome of the SEO process.

The website www.xe.com is a well-known website for currency trading. It appears as a first result when searching for the word “FOREX” on Google U.K. (www.google.co.uk). The word FOREX is an important term for currency trading and it stands for “foreign exchange”. To have a good understanding of the benefits that this website will gain from being at the top of Google’s search result list, a Google tool known as “Keyword Planner” (<https://adwords.google.com/KeywordPlanner>) is used to identify the monthly average searches for that word in the United Kingdom alone (See Figure 2.2).

Figure 2.2 – Average Google monthly searches for the word “FOREX”



Source: Alzayer (2014)

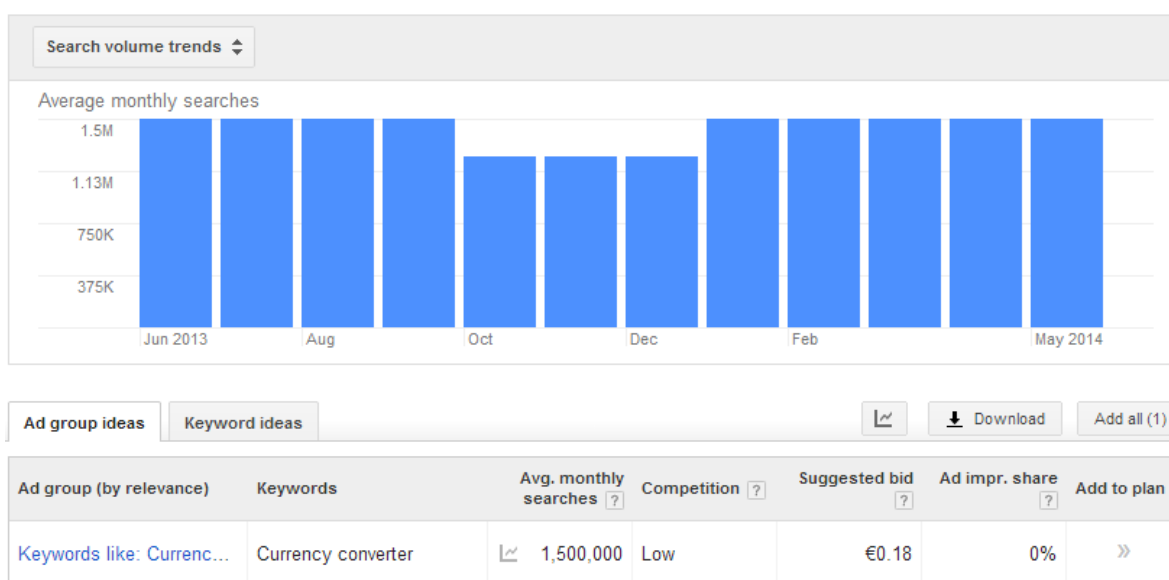
The Figure shows a graph of the average monthly searches for the term “FOREX”. At the top there is a graph that shows the changes in number of searches monthly. Below the graph, the number of average monthly searches and competition is shown. We are going to ignore

the rest of the information because it is only important to Google’s advertisers, as this tool was designed mainly for them.

The average monthly searches for the word “FOREX” in the United Kingdom for the last 12 months is 18,100. The competition of this word is high, and that refers to the high number of websites that use this word and try to be at the top of search results for it.

By repeating the same process for the term “currency converter”, which is very important for FOREX trading, the results show that the average monthly searches are 1,500,000 but with low competition, and that makes it easier for website owners to use the SEO techniques to be in the first few results (see Figure 2.3).

Figure 2.3 – Average Google monthly searches for the term “currency converter”



Source: Alzayer (2014)

For the term “currency converter” the website www.xe.com appears as the first result on Google UK as well. As this term accounted for 1,500,000 monthly searches, we can imagine the number of visits that the website will get from this term alone. These are only two terms related to FOREX, and there are many other terms like currency exchange, FOREX trading, and GBP to name but a few. For all of these terms the same website appears as a first result or near the top.

When a website appears before its competitors on Google or other important search engines, it means it has bigger chance of having more visitors, which is also important in increasing sales.

Of course attracting visitors is not enough on its own to start generating profit, but it is the first step to doing that. After that there are a lot of other factors within the website itself related to what is known as website optimisation, or to products/services themselves to convert these visits into profit, but this is a different area which is not going to be discussed in this research.

Social networking marketing

Social networking has changed many aspects of e-marketing, as so many online users use them. According to Payfort payment report (2014), 59% of internet users in Saudi Arabia are using Facebook, 33% are using Twitter and 3% are using LinkedIn. Facebook is not only popular in Saudi Arabia as it has 1.23 billion monthly users around the world, which is about one-sixth of the world's population (Ross 2014). That shows the importance of social networking, especially Facebook in the World Wide Web. For those reasons, using social networking for marketing purposes has become more and more popular.

People often use the terms social networking and social media as one thing. However, social networking is actually part of social media (Shih 2011). Social media includes different things such as blogs, wikis and social bookmarking to name but a few.

Many businesses are using Facebook and Twitter pages for marketing purposes. According to Shih (2011), there are various benefits of businesses using Facebook, including keeping in touch with existing customers, promoting products/services and attracting new customers. Facebook pages are free of charge; however, they must be maintained on a regular basis in order to get the most benefit from it.

Setting up a Facebook page is the first step, but a lot of work has to be done after that in order to get as many people as possible to like the page and get engaged. This is can be done by inviting people to like the page. When the people invited like the page it will help in attracting their friends, and the idea will continue again for their friends of friends and so on. Also Facebook paid Ad Campaigns can be used to engage fans.

Both LinkedIn and Facebook offer paid Ad Campaigns. However, as Facebook has richer profile information, that makes more targeting criteria available to advertisers (Shih 2011).

YouTube marketing

Online video marketing is one of the techniques that online and offline businesses use. YouTube was launched in 2005 by Chad Hurley, Steven Chen, and Jawed Karim (Miller 2011). YouTube became a popular website and grew very quickly, and for that reason it was acquired for \$1.65 billion by Google in 2006.

Nowadays, YouTube has more than 1 billion unique users visiting monthly, watching more than 6 billion hours of videos (YouTube.com ND).

The majority of the YouTube audience are in the age group 18-34 and they account for 34% of the total audience (Miller 2011). Ages 2-18 come second at 23%, ages 35-44 account for 19%, and age group 45-54 is the following at 13%, and finally 55+ accounts for 8%.

The diversity of the YouTube audience in terms of ages, interests and languages makes it a great tool for online marketing. Also when comparing YouTube marketing with television advertising, we can see that traditional television advertising is very expensive which makes it difficult especially for small businesses to advertise on TV, while publishing videos on YouTube is completely free (Miller 2011).

Publishing a video on YouTube is not enough if there is no audience to watch it. There are a lot of methods to attract more audience members. Search engine optimisation (SEO) is useful for YouTube videos, but it is very time consuming and the results are not guaranteed. For that reason, businesses can use the paid YouTube advertising to solve that. Even though it is a paid service, there is no way to compare prices with TV advertising. The Google AdWords advertising platform is used to advertise on YouTube as well as on Google search engine. Further details about Google AdWords will be provided in the following section.

YouTube is a very valuable advertising method for businesses in Saudi Arabia. The reason is that Saudi Arabia ranked as the world's first country in the number of YouTube viewers (Alarabiya 2012). There are more than 90 million views for YouTube videos every day in Saudi Arabia, and that is almost three times the Saudi population. YouTube ranked as the 2nd website in Saudi Arabia according to alexa.com.

These interesting facts about YouTube in Saudi Arabia should attract more businesses and encourage them to use YouTube for their advertisements. E-commerce websites should benefit more from that. Unlike offline businesses, online businesses can easily convert visits into sales. When offline businesses advertise on YouTube, customers must go to their stores to buy products, while for e-commerce websites customers can visit the site and purchase without leaving their homes.

Web advertising

There are a lot of methods to advertise on the web. Besides social networking, paid ads and YouTube ads, there are other methods like banner ads and text ads.

Banner ads are the most popular advertising method on the web (Schneider 2011). A banner is a graphic object posted on web pages and includes a hyperlink to the target website. There are many different sizes for this type of ads. However, the four standard sizes are 300×250 pixels, 180×150 pixels, 728×90 pixels and 160×600 pixels.

Text ads is a simple and effective ad format which uses a short text message instead of graphics (Schneider 2011). Google was the first company to use this kind of ad successfully on their search engine.

Pay-Per-Click advertising networks (PPC) – Google AdWords as an example

Traditional banner ads were about finding a website on which place the banner and pay a specific amount of money (Kent 2006). The idea was that the ad would stay on the website for a specific period and usually the price was paid for the ad placement. Individuals and businesses realised that it was not possible to measure the benefits of these ads perfectly. Even though the ads stay for a specific period, the number of generated visitors is unknown.

Because of that issue with traditional banner ads, a method has been developed to be sold by ad impression (Kent 2006). In this method, the advertiser pays for the number of times that the ad gets viewed. It is usually sold in blocks of 1,000 impressions. Two issues were recognised with this method. First, the ad will load each time a visitor browses the page, but that does not mean this visitor will see the ad. It might be placed in a location like the bottom of the page, which makes it less visible to all visitors while it is still counts as a view whenever the page is loaded. The second issue is even if the ad is viewed by 1,000 people or whatever the number is, that does not mean those people are going to click on the ad.

With pay-per-click (PPC) ads, the advertiser does not pay for the placement nor the number of impressions but for the actual clicks (Kent 2006). The price is calculated to be for each click on the ad.

Kent (2006) explains how the PPC networks work. First, the advertiser registers for a search engine PPC programme and pays some amount of money in advance (there is no limit for the amount). The second step is to create a short text ad or a display ad. Following that, the advertiser chooses the best keywords for the ad and specifies how much to pay per click. When someone arrives at the search engine, enters one of the keywords and clicks the search button, the search engine will show the ad on the search results page. Finally, when someone clicks on the ad and visits the website, the advertiser is charged for that click. This is the simple idea of PPC networks.

Google AdWords is one of the largest PPC networks on the web. Weller and Calcott (2012) defines AdWords as an advertising system that views clickable ads often seen on the top of search results pages. Google has another network related to AdWords known as Google AdSense. This network allows websites owners to publish Google AdWords ads on their websites and get a commission for each click.

Google was very smart when introducing Google AdSense, because allowing webmasters to be partners with Google increases the size of the advertising network and makes it more powerful for advertisers.

Google AdWords is also used to create YouTube ads, and the profits are also being shared with the videos' publishers using their AdSense accounts.

2.4.5 Conclusion to marketing

Marketing is a very important concept in the business environment. For several decades, marketing went through different stages and orientations. While companies in early orientations used to ignore consumers' needs and requirements, contemporary marketing is customer-centric which starts with studying the consumers' needs and creating products/services that satisfy those needs.

Online marketing (e-marketing) refers to the use of marketing techniques used on the internet. Many traditional and web-based businesses use the World Wide Web for advertising. There are many different advertising methods online, including free methods such as Facebook pages (without the use of paid ads) and uploading videos on YouTube, or paid ones such as pay per click (PPC) networks, banner ads and Facebook paid ads to name but a few.

2.5 Consumer Behaviour

In the past, businesses did not care about understanding consumer behaviour. They were only focused on sales results, and while the sales are increasing, then there is nothing to worry about (Assael 2004).

In this section we are going to focus mainly on the consumer decision making process because of its importance in the business environment for both offline and online businesses.

2.5.1 Definition

East (1997) said that the term “consumer behaviour” from a marketing management point of view is about the reasons that influence people to buy and use products, as well as their reaction to different things such as prices and advertising.

Solomon (2013) defined consumer behaviour as the study of processes that individuals or groups follow when selecting, purchasing, using or disposing of products, services, ideas or experiences to meet their needs and be satisfied.

Blackwell, Miniard and Engel (2006) defined consumer behaviour as the process that people follow for obtaining, consuming and disposing of products and services. They also suggested that consumer behaviour is:

“A field of study that focuses on the consumer activities” (2006 p.4).

A fourth definition by Arnould, Price and Zinkhan (2004, p.9) suggests that consumer behaviour is:

“Individuals or groups acquiring, using and disposing of products, services, ideas or experiences.”

When looking at the four definitions it is clear that authors are defining consumer behaviour from different angles. The four definitions are talking about the activities that consumers do to buy, use and dispose of products or services, but in some definitions consumer behaviour is explained as the activities itself while in the rest it is defined as the study of these activities.

Solomon’s definition is an excellent one when thinking about consumer behaviour from a consumer perspective, as it describes the activities that consumers do. However, it did not

cover the idea of studying this behaviour by organisations which is important from a business' perspective. Blackwell, Miniard and Engel define consumer behaviour from the consumers' perspective as well, but they also suggested that it is a field of study and that makes their definition more comprehensive.

2.5.2 Decision making

Consumer decision making has been studied widely by experts in order to understand the criteria that consumers follow to make their purchases. By understanding the different stages in decision making, organisations can attract consumers more effectively.

Blackwell, Miniard and Engel (2006) said that the complex decision making model consists of need recognition, search for information, pre-purchase evaluation of alternatives, purchase, consumption, post-consumption evaluation, and divestment.

According to Blackwell, Miniard and Engel, the first stage of the decision making model is need recognition or problem. This stage occurs when the consumer senses the difference between his or her current situation and the situation that he or she thinks to be the ideal. Sometimes consumers have problems and they buy a specific product/service to solve these problems. For that reason, it is a must that marketers know customers' needs in order to create products based on these needs, rather than creating products because the company has the ability to manufacture or sell them. This view of studying consumers' needs is consistent with the contemporary marketing orientations that start with studying consumers' needs and developing products that fill them.

As shown previously in e-commerce, Arabic e-commerce websites recognised that using credit cards is not that common in the Arab World. For that reason, they developed what is known as cash on delivery payment method. It has been very successful, as we have already shown that 76% of online payments in Saudi Arabia depend on this method. That shows that studying consumers' needs should not be only about the product or service itself, but it should also include other things that influence purchasing decision making.

Search for information is the second stage of the decision making model. After consumers recognise their needs, they then start searching for information to satisfy these needs (Blackwell, Miniard and Engel 2006). There are internal and external searches. Internal

search refers to the knowledge that consumers already have in their memories or genetic tendencies. External search is about collecting information from different sources such as family, internet and the market place to name but a few. Consumers collect information from different sources and it has to be processed. The processing of information consists of different stages before the consumer decides whether to accept the information or not. When he or she has accepted the information it is then stored in memory for future use.

Nowadays, the internet makes it easier for consumers to find a huge amount of information. However, the amount of information available online might be a disadvantage sometimes. Consumers might find a lot of contradictory information, and for that reason it is always important to process this information very carefully before deciding to accept it or not.

The following stage is pre-purchase evaluation of alternatives. In this stage, consumers start thinking about their options and the best alternatives (Blackwell, Miniard and Engel 2006). There are different types of products/services as well as different brands to choose from. To narrow the options, consumers compare their own knowledge about products and brands with what they consider to be the most important for them. There are different factors for evaluation, such as price and reputation. The evaluation depth will also vary for different factors depending on how important the decision is for the consumer.

Purchase is the next step in the decision making model. After deciding to purchase a product or service, there are two steps to be taken by consumers (Blackwell, Miniard and Engel 2006). First, consumers choose the retailer that they want to buy from and the type of retailing, such as direct sales or internet. The second step is about in-store choices, as consumers might be influenced by salespeople, product displays, electronic media, and point of purchase advertising. Consumers might have a plan for the first stage and they follow it with a decision to buy a particular product or brand. However, they might buy something different than what they planned because of what happens during the second stage.

The sixth stage is post-consumption evaluation. Based on consumers' experiences either satisfaction or dissatisfaction occurs (Blackwell, Miniard and Engel 2006). If the product meets consumers' expectations, then satisfaction occurs. On the other hand, when the product performance did not match the consumers' expectations, dissatisfaction occurs. When consumers are satisfied, they tend to buy the same brand from the same store again, and that

makes it harder for competitors to attract those satisfied consumers. However, if consumers are dissatisfied with the product or service, they search for another product or brand.

When consumers are dissatisfied, they might not only stop buying the product or brand but also pass their negative experience on to others, which is known as word of mouth (East, Hammond and Lomax (2008). In addition, passing on negative experiences might be more harmful for businesses in recent years, as those experiences might be passed on over the internet using online forums, chatting or any other methods, and that is known as electronic word of mouth (Lee, Noh and Kim 2013).

Divestment is the final stage in the model. There are different alternatives for this stage, as consumers could choose outright disposal, recycling, or remarketing (Blackwell, Miniard and Engel 2006).

The idea is the same for offline and online shopping. However, some processes at some stages would be different online. It might seem that there is no difference between offline and online shopping in the first stage of needs recognition. Blackwell, Miniard and Engel (2006) said that when consumers are facing problems and need to buy products to solve them, online shopping might be a good idea if these products are not available in local shops, or the operating hours for those shops are not suitable for consumers.

Searching for information on the internet does not always mean that consumers are going to purchase online. Sometimes consumers tend to search for information online because it is easier for them, and then the actual purchase might be in retail stores. It is possible that the opposite can happen as well. For products like clothes and perfumes for example, some consumers go to stores to ensure the clothing sizes or to smell perfumes and then buy them online for better value. It is also possible to search for information through offline sources such as asking friends or family and then buy the products online. So the consumers in this stage might follow different patterns for both online and offline shopping.

A big difference appears in the purchase stage and in the second step specifically. Salespeople always try to impact consumers' decisions. As there are no salespeople online like they are available offline, this makes the purchase stage different in online shopping.

2.5.3 Consumer perception

Assael (2004, p.39) defines consumer perception as:

“The process by which consumers select, organize, and interpret stimuli to make sense for them.”

Blythe (2008) explains the perception process in six stages:

1. **Stimulus:** this refers to the perceived object which could be a person, a product, a situation or anything that attracts individuals.
2. **Input selector:** the process by which cues of the stimulus are being selected by an individual and gives a meaning to each of them.
3. **Processing centre:** while the input selector takes the cues of the stimulus and processes them one at a time, the processing centre is about generating an overall perception by integrating the cues with each other.
4. **Consumer’s current state:** consumer’s current state includes different factors like mood, motivation, goals and physical state of the individual when he or she is exposed to cues. The current state is likely to have an influence on the processing centre.
5. **Consumer’s stable characteristics:** this refers to the factors like gender, personality, age, level of education and other factors that do not change or change slowly. These factors reflect on how the individual understands and select cues.
6. **Response:** A response might be internal or external

Marketers are studying this area very carefully. Brand, product, ads or anything related to the business should be understandable by consumers and easy to remember. Failing in the first stage of perception will reflect negatively in all other stages.

2.5.4 Conclusion to consumer behaviour

Consumer behaviour is very important for marketing because understanding the way that consumers behave helps marketers in targeting the right consumers using the right tools.

Understanding the decision making process and the concept of perception would benefit marketers and help them to achieve great results for both offline and online businesses.

2.6 Customer relationship management

Customer relationship management (CRM) has appeared because of the efforts of information technology (Peelen 2005). CRM allow companies to become more accessible to a large number of customers and get to know them individually, and that makes it easier to learn individuals' needs and requirements in order to meet or exceed them. That helps organisations in building long-lasting relationships with customers and increases their loyalty. However, it has been realised that it is not that easy to achieve success with CRM.

Not all customers are profitable for organisations. For that reason, Kumar and Reinartz (2012, p.4) define CRM from a customer value side, which refers to the economic value to the company as:

“CRM is the practice of analyzing and using marketing databases and leveraging communication technologies to determine corporate practices and methods that maximize the life time value of each customer to the firm.”

From the definition it becomes clear that the main aim of CRM is to maximise the long-lasting value between the company and its customers by analysing the marketing data and using technology. Looking at CRM elements should make everything clearer.

2.6.1 Elements of CRM

Peelen (2005) said that the elements of CRM are: customer knowledge, relationship strategy, communication and the individual value proposition.

Customer knowledge refers to the information that a company has about every single customer, such as purchasing history, preferred communication method and characterised to name but a few. This kind of information has to be stored on a database and the company has to collect as much valuable data as possible. Having information about customers will help the company to develop a long-term relationship with them, which increases loyalty.

The idea is the same for any part of the company. Everything related to customers has to be recorded.

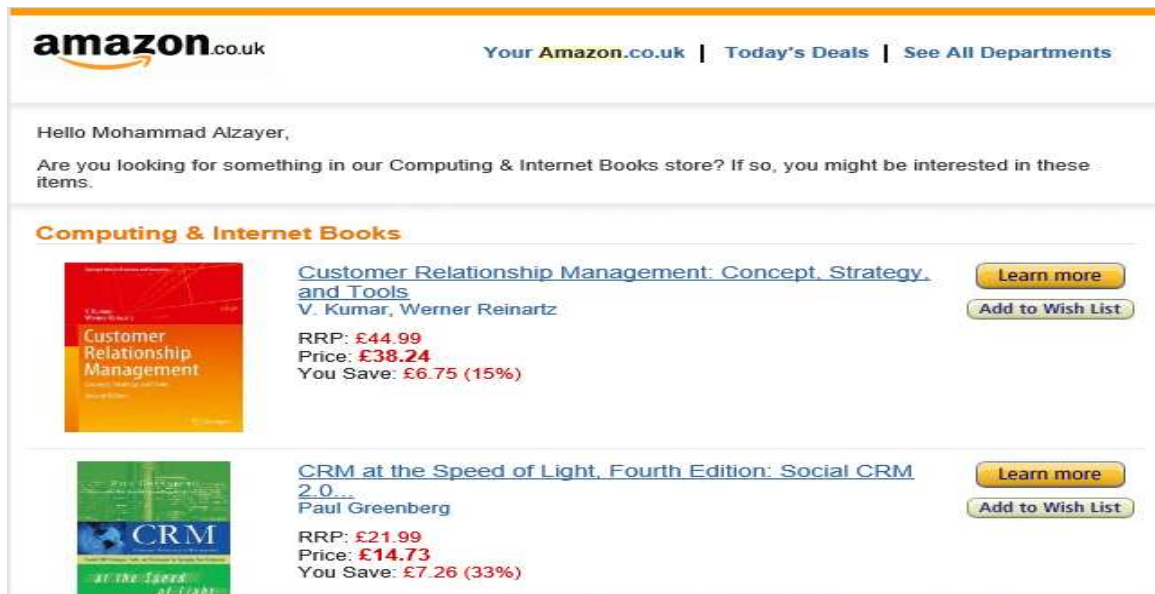
With e-commerce businesses the idea should be the same as traditional businesses. Online businesses usually have everything recorded. The customers' basic information is saved on

customers' profiles as well as in the purchasing history. Customer service and support, for example, might use what known as support tickets where customers can post their queries about anything and these tickets are stored on their profiles. Whether there is a specific CRM application for the e-commerce business or not, the information is stored for most businesses but at different levels.

The second element is relationship strategy. Instead of only thinking of increasing sales and profit for a short-term with a limited interest in the customer, building a relationship is focused more on customer needs, which helps in building a long-term relationship. Companies with a relationship strategy have deeper interest in their customers which does not end with the completion of a transaction.

Many e-commerce websites use email messages to send special offers and news to their customers. These kinds of messages usually focus on products that the customer interested in. This information can be gathered from purchasing history, customer profiles, or even from customers searching and browsing the website. Although these kinds of messages are usually automated, they help remind customers about the website and attract them to purchase new products/services.

Figure 2.4- Message from amazon.co.uk about recently searched items



Source: Alzayer (2014)

The figure 2.4 shows an email sent by amazon.co.uk about the recently searched title “customer relationship management”. That is because Amazon records everything that customers do on their website, even search queries, and then sends email messages that match these queries attempting to make more sales. This strategy is being used in many e-commerce websites.

The following CRM element is communication. When a customer calls a customer service call centre for a company to complain about a product or service, all the information about this complaint must be recorded on the company system. So when the customer makes another call in relation to the same problem, there is no need to repeat all the information about it again. That will make the customer feel that he or she is important to the company. However, if there are no records the customer needs to explain everything from the beginning each time a call is made. That is not just annoying for the customer but it also decreases work efficiency as the call will take longer.

It is the same idea in all communication methods. For e-commerce websites for example, if a company uses traditional email messages for customer service instead of tickets or similar systems, then it would be difficult to go back and have a look at previous messages. So it is important to have a reliable system which makes the communication between customers and the company easier and more efficient, which will reflect on the customer service level provided.

The individual value proposition is the last element of CRM. Designing a product or service to fit individual requirements is beneficial to strengthen other CRM elements. A company that builds a long-lasting relationship with its customers and makes communication as easy as possible will not ignore this point. Prices might also be determined to suit individual customers.

It is not always possible to do that for every single customer or even some of them. In this case, businesses can divide customers into groups using different criteria and design products/services for each of these groups.

2.6.2 Conclusion to customer relationship management

Building a long term relationship with customers is very beneficial for organisations rather than focusing on short-term sales. This requires gathering information and keeping records about every single customer, including their characterised, purchasing history, complaints and any other important information. Designing products/services that meet the needs of individual customers or a group of customers is a great thing because it shows how important the customer is to the organisation.

CRM is important for both offline and online businesses, so businesses have to have an excellent CRM system.

CHAPTER 3:

INDUSTRIAL REVIEW

3.1 Introduction

There are different industries related to e-commerce, and it needs these industries in order to work. This chapter will cover information about the telecommunication industry (internet service providers) and the banking industry (credit cards). These two industries are important for e-commerce and they need to be discussed. Everything related to companies' services, prices and any other information will be based on the available information on companies' websites, reports or the researcher's personal experience.

3.2 Internet service providers

There are four companies that provide internet service in Saudi Arabia: Saudi Telecom Company (STC), Etihad Etisalat (Mobily), Zain and GO.

3.2.1 Saudi Telecom Company STC

STC is the largest and oldest telecommunication company in Saudi Arabia. At the end of 2012, the company's market share in Saudi Arabia was 57% (STC 2012). The company is present in 11 other countries, and that makes it the largest telecommunication services provider in the Middle East and North Africa.

Internet services

The company offers different plans for internet service. Jood Net is a pre-paid or post-paid internet plan for home which does not require a subscription to telephone service. This plan offers 3 different speeds of 2, 4 and 20 Mbps. The download and upload is unlimited for this plan. Plan prices are available in Table A.1 in Appendix A.

Jood Bundles is another service offered by STC. There are two plans under this service: Jood 2 and Jood 3. Jood 2 is the most popular bundle for home use. It consists of a landline telephone and internet service. It offers unlimited local/national calls and unlimited internet with a speed of up to 200 Mbps. All plans come with a free modem, free delivery, free installation, free version of Norton Antivirus and other benefits. Table A.2 in Appendix A shows the prices for this plan.

In addition to landline telephone and internet service, Jood 3 includes interactive TV service. It also comes with a free modem, free delivery, free installation, free TV receiver and other benefits. See Table A.3 in Appendix A for Jood 3 plans and prices.

Any internet plan with speeds of 40 Mbps or above is only available with fiber optic technology. However, fiber optic is not available in all Saudi cities yet.

QuickNet 4G is an internet service from STC based on a mobile network. The service is available as post-paid or pre-paid and it comes with different types of devices: QuickNet 4G Router, QuickNet 4G MyFi and QuickNet 4G Modem.

QuickNet Router is a device that supports up to 32 WLAN users. The device also supports different types of operating systems and two languages. Figure A.1 in Appendix A shows the full features of the device.

QuickNet MyFi is a device that allows up to 10 users to be connected. It also supports different operating systems and has many other features shown in Figure A.2 in Appendix A.

QuickNet Modem is a small USB device to be used in one pc/laptop. It also supports different types of operating systems and comes with some other features (see Figure A.3 in Appendix A).

There are different plans for QuickNet 4G. Some of them have a limited monthly usage. Tables A.4 and A.5 in Appendix A shows the plans and prices for post-paid and pre-paid bundles.

The last type of internet service provided by STC is mobile phone internet packages. The service is available for both post-paid and pre-paid users. There are two types of plans: limited plans which limit the monthly data allowance and unlimited plans which are available for an hour, a day, a week, a month or several months up to 12. Tables A.6 and A.7 in Appendix A shows the prices for the limited and unlimited plans.

Customer service and loyalty programme

The company provides support and customer service for its customers in different ways. Self-service is available both online and by telephone using the free number (906) which is associated with the internet service. The online system is named My STC and it provides different services to customers such as managing services, viewing bills, managing Qitaf points (STC's loyalty programme) and other things.

Customers can also talk to one of the staff members by phone if the inquiry/service is not available for self-service. Also live chat is available with a staff member online as well as through email messages. There is also a section for frequently asked questions which contains useful information. Furthermore, the section "support library" contains useful videos explaining some services/products such as the features of internet devices. However, these videos are only available in Arabic.

There is a loyalty programme known as Qitaf where customers can earn points for using the service and paying on time, and can also earn some points on special occasions like Saudi

National Day. Customers can exchange the collected points for services or discounts from STC or its partners.

3.2.2 Mobily

Etihad Etisalat (Mobily) was the second telecommunication company in Saudi Arabia founded in 2004 by a UAE company “Etisalat” (mobily.com.sa ND). Mobily is a mobile service provider and it also provides internet service based on the mobile network and fiber optics. The company owns the vast majority of shares of the Saudi National Fiber Network. The company is a pioneer in providing different services, as it was the first company to launch the iPhone 3G in Saudi Arabia in 2009, and it was also the first company to provide BlackBerry internet service in Saudi Arabia in 2007.

Internet services

The company has two main solutions for the internet service: Mobily Connect and eLife Internet. Under Mobily Connect there are six different plans: Connect Mobile, BlackBerry 10, Connect Laptop 4G, Connect Home 4G, Connect Laptop 3G and Connect Home 3G.

Connect Mobile contains different plans for mobile phone internet service. There are two types of subscription: limited plans with different usage and unlimited plans. The company calculates the cost per MB for the internet service usage without being subscribed to a package. Table B.1 in Appendix B shows the plan details and prices.

Mobily BlackBerry 10 is a service that provides unlimited usage for BlackBerry messenger. There are three packages, and all of them provide unlimited usage for the messenger. The only difference is that each package comes with different usage limits for internet browsing. Table B.2 in Appendix B shows the details.

Connect Laptop 4G provides high speed internet using 4G technology. This plan uses a small USB device to connect through Mobily’s 3G or 4G network. Table B.3 in Appendix B shows the first time fees which includes the service and a 3G/4G device.

As well as Connect Laptop 4G Mobily also offers Connect Laptop 3G service. This plan can come with a USB device up to speeds of 7.2 Mbps or 21.6 Mbps. Table B.4 and B.5 in

Appendix B shows the first time fees for 7.2 Mbps and 21.6 Mbps devices including the service subscription, and Table B.6 shows the renewal prices.

The difference between Connect Laptop and Connect Home is that Connect Laptop uses a small USB device to allow one PC/laptop to be connected to the internet. Connect Home uses a router to allow the use of a Wi-Fi connection for several devices. Connect Home 4G provides unlimited internet usage and comes in three different plans with different speeds. The SR120 router fee is applied to new subscribers. Table B.7 in Appendix B shows the plans' details.

Connect Home 3G is the service that provides Wi-Fi internet for home using the 3G network. This service uses a router with speeds up to 21.6 Mbps and the device is included in the new subscribers' fees. Table B.8 in Appendix B shows the plan's details and Table B.9 shows the renewal prices.

Elife internet is an internet service provided by Mobily using fiber optics technology. It provides the fastest download and upload speeds in the country, up to 200 Mbps. This service is available in both post-paid and pre-paid subscriptions. Tables B.10 and B.11 in Appendix B show the plans and prices for post-paid and pre-paid subscriptions.

Customer service and loyalty programme

Customer support is provided by different methods. Self-service by phone using the free number 1100 is available as well as the My Mobily online gateway. Online, customers can do different things: review bills and their details, pay bills using credit cards, manage services, check Neqati programme points (loyalty programme) and so on. Customers can also talk to a staff member by phone or by using the live chat system, which is available online under the My Mobily account. Email messages are also available.

There is also a section for frequently asked questions where customers can find answers to questions that are being asked a lot by other customers. Video tutorials are also available but in Arabic only.

There is also a section known as user manuals where customers can download manuals for smartphones and tablets that are sold by the company.

The company also has a loyalty programme known as Neqati where customers can earn points for what they spend, paying bills on time, and by purchasing from Mobily partners.

For each SR1 spent on calls and SMS, the customer earns 1 point. These points can be exchanged for Mobily services, discounts or to purchase from Mobily partners.

3.2.3 Zain

The company was founded in Kuwait in 1983 as the first mobile operator in the country. In 2003, the company started to expand in the Middle East and Africa (zain.com ND, a). It now operates in 8 different countries: Bahrain, Iraq, Jordan, Kuwait, Lebanon, Saudi Arabia, South Sudan and Sudan.

The company has 9,100,000 customers in Saudi Arabia (zain.com ND, b). It stated that it is in the third position of the market, with 16% market share.

Internet services

The company offers two types of internet service: free limited data with all mobile post-paid plans and 4G internet.

All post-paid mobile subscriptions include free limited internet service, and 1 TB is the highest plan. For pre-paid plans, customers can subscribe to different limited internet plans as shown in Table C.1 in Appendix C.

The company offers 4G plans in two ways: internet 4G (Wi-Fi) and 4G for smartphone (the company calls it Speed plans). Internet 4G is available in both limited monthly plans and unlimited plans for 3, 6 or 12 months. The unlimited plans come with a 4G router or 4G MiFi. Tables C.2 and C.3 in Appendix C show the plans and prices for limited and unlimited solutions. Table C.4 shows the renewal prices.

4G for smartphones are available for both pre-paid and post-paid customers. For pre-paid, there are 3 types of plans: light plans up to 500 MB, basic plans up to 40 GB and unlimited plans. Tables C.5, C.6 and C.7 in Appendix C show plans and prices for the three types.

4G for smartphone plans for post-paid customers also come in three different types: pay as you go plans, light plans up to 1 GB and basic plans up to 97 GB. All plan and price details are available in Tables C.8, C.9 and C.10 in Appendix C.

Customer service and loyalty programme

Customer service is provided by different methods. Self-service is available online using the My Zain gateway, and also by phone using the free number 959. Customers can do a lot of things online such as view bills, pay post-paid bills, top-up for pre-paid services, analyse usage and many other things. Customers can also talk to a staff member whether with the free call centre number or by chatting on the company's website. Customers can also send email messages using the contact form but not for customer service.

The frequently asked questions section contains a lot of useful questions for quick help.

The company has a reward (loyalty) programme called Zain Plus. Customers earn 1 point for each SAR1 spent. There are three different levels for the reward programme: silver level, gold level and platinum level. The silver level includes all company customers with the consumption rate of less than SAR150 monthly, and they earn 1 point for each SAR1 spent. The silver plan is for customers with a consumption of SAR150 up to SAR449 per month. Customers in that level get 20% of the payment as bonus points. The platinum plan is for customers with a consumption of SAR450 or more monthly. All customers within this level get 30% of the payment as bonus points.

3.2.4 GO

Go is a leading provider for cloud telecommunications in the Middle East (go.com.sa ND). The company's services are only available in 12 cities in Saudi Arabia and it has more than 200,000 customers. The company offers landline telephone service and broadband internet service.

Internet services

The company offers pre-paid and post-paid plans for internet broadband. The company offers 4G pre-paid internet service in packages that include landline service.

The company also offers three personal broadband plans that come with a free modem to be used with one device. The first plan "igo value" is limited to 5 GB monthly. Table D.1 in Appendix D shows the plan details and prices, and Table D.2 shows the renewal prices.

The second plan “igo MAX” provides unlimited monthly usage. Table D.3 in Appendix D shows the plan details and prices and Table D.4 shows the renewal prices.

The last personal plan is “igo INFINITY” which offers a limited 25GB usage valid for 3 years. Table D.5 in Appendix D shows the plan details and prices and Table D.6 shows the renewal prices.

The company also offers a pre-paid plan called Maxnet that can be used by more than one device (Wi-Fi). The usage is limited to 50 GB monthly and a 4G device is included with the plan. Table D.7 in Appendix D shows the prices.

4G post-paid (home broadband) plans are offered at different speeds. A 4G Wi-Fi modem is included with all plans. Table D.8 in Appendix D shows the plan details and prices.

Customer services

Self-service is available using the online gateway that allows customers to check bills, request new services, make a complaint and other things. It is also possible to contact the call centre to get more support. Frequently asked questions on the company’s website provide useful information about various topics.

3.2.5 Conclusion to internet service providers

Telecom companies in Saudi Arabia provide a wide range of internet services. It is difficult to compare prices as each company provides different features for their plans. The major three companies (STC, Mobily and Zain) provide customer service using the same methods, and all of them have loyalty programmes (reward programmes) which are very similar to each other. GO only provides services in a few cities in the country and has a low number of customers.

3.3 Pre-paid credit cards

As stated in the literature review, there is no bank in Saudi Arabia that issues Visa debit cards. That makes it difficult for people who do not meet banks' requirements for issuing credit cards to shop online, especially from international e-commerce websites. For that reason many people prefer shopping on regional websites that offer cash-on-delivery payment methods. However, two Saudi banks (Al Rajhi Bank and The National Commercial Bank) offer pre-paid credit cards which are easy to get in comparison with post-paid credit cards.

3.3.1 Al Rajhi Bank

The bank offers two types of pre-paid Visa cards: Tasawaq (which means shopping) and Ensan (which means human). The only difference between the types is that Ensan's card is designed to do charitable work by donating the points that the card holder collects through purchases to the Orphan Care Organization (Enasn).

These are the requirements for issuing both cards:

- A current account with the bank.
- Copy of a national ID for citizens or a resident card for non-Saudis.
- Filling out the application form.

Applying for a new card can be done electronically through online banking or by visiting any Al Rajhi branch.

The card is issued immediately in only 30 minutes if visiting any branch. Money can be added to the card from the current account balance using online banking (Al Rajhi ND).

3.3.2 The National Commercial Bank (NCB)

NCB offers a pre-paid MasterCard. There are a few requirements to get the card:

- A current account with the bank.
- The applicant should be 18 years old or over.
- A valid Saudi ID for citizens or a valid resident card for non-Saudis.

Applying for a new card should be done by visiting any NCB branch. Money can be uploaded to the card from the current account balance using online banking.

There are different features of the card, such as worldwide acceptance and cash withdrawal from any ATM worldwide (NCB ND).

3.3.3 Conclusion to pre-paid credit cards

It is easy to get a pre-paid credit card from Al Rajhi Bank or NCB Bank. The requirements are almost the same with both banks, and both of them provide several beneficial features of their cards. The availability of pre-paid credit cards makes it possible for people get a credit card and use it online, which is helpful for those who cannot get a post-paid credit card.

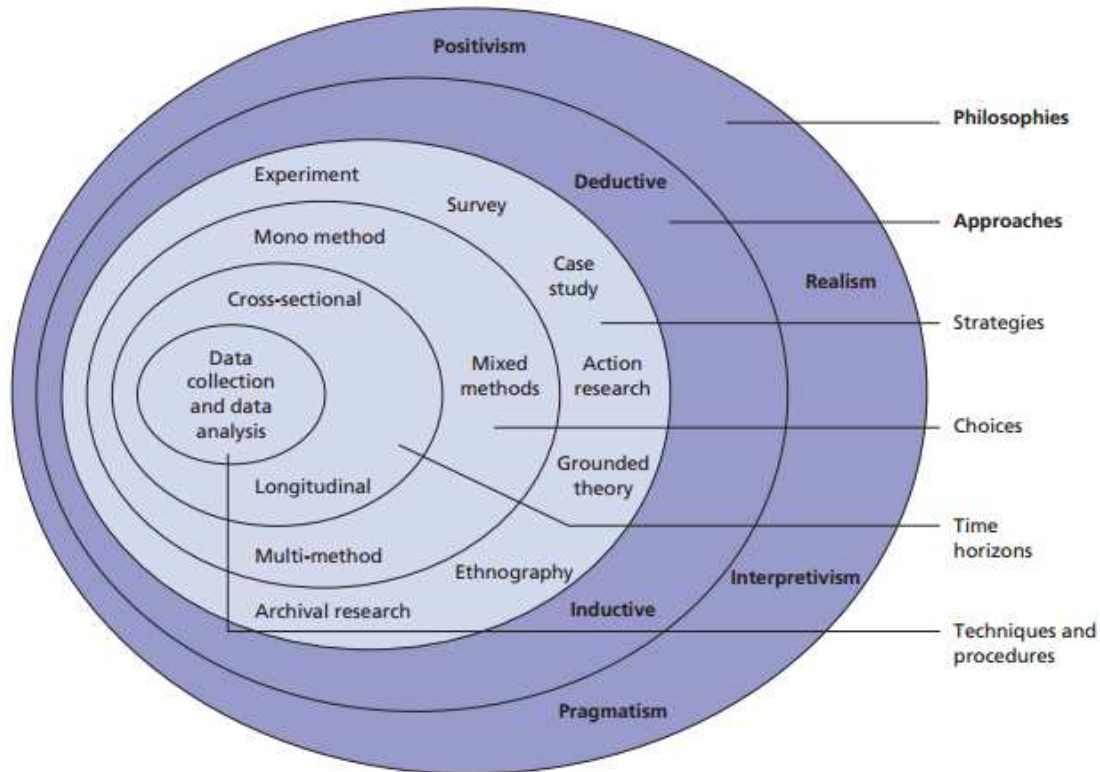
CHAPTER 4:

METHODOLOGY

4.1 Introduction

It is not unusual to start thinking about the appropriate data collection method for the research (Saunders, Lewis and Thornhill 2009). However, this element is located in the centre of what is known as the research ‘onion’ (See Figure 4.1) and that means there are some elements that need to be determined before choosing the data collection method.

Figure 4.1 – The research ‘onion’



Source: Saunders, Lewis and Thornhill (2009)

There are six different layers within the onion: philosophies, approaches, strategies, choices, time horizons and techniques and procedures. Different points within the research ‘onion’ will be discussed in this chapter to choose the appropriate path for this research. Those points will not be studied following the same pattern on the research ‘onion’.

4.2 Research philosophy (paradigms)

Research paradigms are used in scientific research as a guide for the study (Collis and Hussey 2014). The writers stated that there are two main paradigms: positivism and interpretivism.

Positivism was developed for use in scientific methods and it is still being used today in social science research (Collis and Hussey 2014). The idea of this paradigm is to use empirical research to discover theories. Today, the research that uses this paradigm still focuses on theories. The idea of this is to explain or predict different social phenomena. Quantitative data is needed for this type of paradigm.

Interpretivism is based on the fact that social reality is shaped by our perceptions, and for that reason it is not objective but highly subjective (Collis and Hussey 2014). Unlike positivism that tries to measure social phenomena, interpretivism is designed to discover the complexity of social phenomena to get an understanding of them. This paradigm uses qualitative research data rather than the quantitative one.

There are different points that Collis and Hussey (2014) provided about these two main paradigms. However, showing the main differences between them is better than going deeply into detail. That will help in deciding which one is the most appropriate for the research. Table 4.1 shows the main differences between positivism and interpretivism paradigms.

Table 4.1 – Features of the two main research paradigms

Positivism tends to:	Interpretivism tends to:
Use large samples	Use small samples
Have an artificial location	Have a natural location
Be concerned with hypothesis testing	Be concerned with generating theories
Produce precise, objective, quantitative data	Produce ‘rich’, subjective, qualitative data
Produce results with high reliability but low validity	Produce findings with low reliability but high validity
Allow results to be generalised from the sample to the population	Allow findings to be generalised from one setting to another similar setting

Source: Collis and Hussey (2014)

4.2.1 Sample size

For positivist research, a large number of samples are chosen randomly to be representative for the population (Collis and Hussey 2014). The reason for choosing a random sample is to ensure that the sample is unbiased. For interpretivists that is not a problem, because the idea

of this paradigm is to get a detailed view of the complexity of social phenomena, and that could be done with as little as one sample.

4.2.2 Location

A positivist needs an artificial setting such as doing it in a laboratory to control different variables that are being investigated (Collis and Hussey 2014). On the other hand, interpretivists need a natural location and there is a challenge in controlling some natural variables, such as noise and temperature to name but a few.

4.2.3 Theories and hypotheses

The idea of the positivist paradigm is to build a hypothesis based on an appropriate theory after reviewing the literature (Collis and Hussey 2014). Hypotheses are ideas which can be tested using statistics. The researcher has to decide the best way to measure the different variables of a hypothesis and then start collecting data.

The idea is different for the interpretivist paradigm. There might not be any theories available for the topic or the researcher wishes not to use any of the available theories. The researcher might use the data to explain the different patterns or to come up with a new theory.

4.2.4 Quantitative VS. Qualitative data

According to Collis and Hussey (2014), researchers can collect quantitative or qualitative data for positivist studies. The need of ensuring that all variables have been identified is the reason for collecting qualitative data in a positivist study. That is different with the interpretivist paradigm where there is no need to analyse data statistically. However, it is important not to mix up the quantitative and qualitative data, which makes it difficult to know which paradigm is being used.

4.2.5 Reliability

Reliability is very important for positivist studies (Collis and Hussey 2014). For the study to be reliable, the same results should be discovered by any other replicated studies.

Unlike positivist, reliability is often not very important for the interpretivist paradigm, or it might be used in a different way. The reason is that interpretivists believe that research is influenced by the activities of the researcher, so the replication that is used in positivist would be difficult to achieve.

4.2.6 Validity

Validity is about how the measurement that has been performed reflects the phenomena under study (Collis and Hussey 2014). The validity can be affected negatively by research errors like incorrect procedures, poor samples and inaccurate measurement.

4.2.7 Generalisability

When using a positivist paradigm it is important to think about how the findings of the chosen sample represent the population from which the sample has been drawn (Collis and Hussey 2014). However, some authors argue that interpretivists also might be able to generalise the findings from one setting to another.

The positivism paradigm will be used in this research. As the research question seeks to identify the main factors that influence online shopping from a customer's point of view in Saudi Arabia, quantitative data is needed to have a good view. The data should be collected from a large sample from different regions in the country. The reason is people from each of the five regions in the country (east, west, north, south and central) have their own culture and ways of thinking, and it is not possible to generalise the findings for the whole country without choosing samples from each part.

4.3 Research methodologies (strategies)

Having chosen the positivism paradigm for the research, strategies and options are limited to experimental studies, surveys, cross-sectional studies and longitudinal studies, as these types are associated with the positivism paradigm (Collis and Hussey 2014).

4.3.1 Experimental studies

An experimental study is a strategy used to study the relationship between two variables where the first is an independent variable and the second is a dependent variable (Collis and Hussey 2014). In this methodology, researchers make some deliberate changes on the independent variable to watch the effect on the dependent variable. This study is done systematically in a laboratory or a natural setting. One of the benefits of doing experiments in a laboratory is that they give the researcher the ability to eliminate some variables or keep some of them constant.

4.3.2 Surveys

This methodology is useful for positivism studies to collect primary or secondary data and analyse it statistically and the results can then be generalised to a population (Collis and Hussey 2014). A population is defined as a group of people or objects that is being targeted for a statistical study. It might be very difficult or too expensive to collect information about each member when the population is large. For that reason, a random sample is selected to get unbiased information of the population. However, if the population is small it is possible to collect data about every single member without sampling.

There are two types of surveys according to their purpose:

- A descriptive survey is used to study phenomena and get an accurate image about it at one time or various times.
- An analytical survey is used to show if there is a relationship between two variables or multiple variables. A theory needs to be built from the literature review for this type of study, and then the dependent and independent variables must be identified.

Collecting data for surveys for a positivist study can be done in different ways, including by mail, internet questionnaire, telephone and face-to-face interviews.

4.3.3 Cross-sectional studies

This type of study is designed to collect data in different contexts but in the same period of time (Collis and Hussey 2014). It is usually used to study economic factors of a large number of organisations or people. Typically, these organisations would be from different industries and the research would identify the similarities and differences between them. This type of study is usually used if there is a specified time or limited resources. The data is collected once in a short period of time and that provides an image of the research phenomena.

There are different problems with this type of study. First, selecting enough of a sample to provide a good image about the population. Second, how the phenomena could be separated from all other factors that might influence the correlation. And finally, this study does not explain the reason of correlation; it only shows that it does or does not exist.

4.3.4 Longitudinal studies

Unlike cross-sectional studies, longitudinal studies are designed to study variables or a group of subjects over a long period of time (Collis and Hussey 2014). It is usually used with a positivist methodology, but can also be used with interpretivist studies. In this type of study, variables are examined several times over the period in which the problem runs its course. This study is used to show the relative stability of the research phenomena by repeating observations. Some of them will be changed dramatically over the period while others will only have slight changes.

The sample for this type of study is smaller than cross-sectional studies, which helps to produce significant results for the organisation. As the methodology takes a long time, this research is expensive to conduct. Instead of collecting primary data for a long time, this research can be conducted using secondary data.

Having shown the different research strategies under the positivism paradigm, it is time to choose the most appropriate method for this research. Experimental studies will not work as the idea is to collect data from Saudi society about online shopping to show the main factors that influence it.

The same thing can be said for cross-sectional and longitudinal studies. The idea is to research online shopping from a customers' point of view only in Saudi Arabia and not to compare it with other countries like what a cross-sectional study is designed for. Also the research is not designed to study the topic over a long period of time, as the research should be handled in a short specified time.

A survey is the most appropriate way to do this research. A descriptive survey will be used as the research is aiming to understand consumers' view of online shopping and understand their opinions.

4.4 Data collection method

According to Saunders, Lewis and Thornhill (2009) using questionnaires is the most common way to collect data for surveys but it is not the only one, as structured observation and structured interviews could be used as well. These three methods will be discussed briefly in the following sections.

4.4.1 Structured observation

When the research question and objectives are about the things that people do, the best way to collect data to answer that is by watching them when they are doing those things (Saunders, Lewis and Thornhill 2009). Structured observation is quantitative and it deals more with how often actions are repeated rather than why those actions happened.

4.4.2 Structured interviews

In structured interviews the researcher uses a questionnaire that has been prepared in advance (Saunders, Lewis and Thornhill 2009). The researcher reads the questions to the interviewee and then records all the answers. To avoid bias, the questions should be read exactly as written and in the same tone. This type is used to collect quantifiable data.

4.4.3 Questionnaires

In business and management, research questionnaires are usually used within survey strategy (Saunders, Lewis and Thornhill 2009). The questionnaires can be used in structured interviews, telephone questionnaires and questionnaires that do not need an interviewer such as online questionnaires.

The aim of questionnaires is to find out what responders think about the topic, and that will help to answer the research question or questions (Collis and Hussey 2014).

For this research, questionnaires are the best choice for data collection. Observation would not work in this type of research. When a researcher conducts research about the highest

selling product in a specific supermarket, it is possible to watch people for days or even months and record the results. Even if that seems to be a difficult job and there are a lot of things to do to get accurate results, it could be done. However, studying the factors that influence online shopping from a customers' point of view will not work using that method. There is no way to watch what people are thinking or what they have already done in this area.

Structured interviews are also very difficult to use for this research for different reasons. First, the research is aimed at studying the factors for the Saudi society, which means that a large sample is needed to get good results. Second, it is difficult to schedule many interviews bearing in mind that the research should collect answers from different parts of Saudi Arabia. Finally, large number of interviews will take a very long time to finish and that is not possible for this research.

4.4.4 Sample

When talking about sampling it is necessary first to identify the population. The target population is all adult internet users in Saudi Arabia. While it is difficult to find reports that state the number of adult internet users in the country, The Arab Advisors Group Survey (2014) states that 3.7 million of adult internet users buy products and pay for services online. This fact suggests that the total number of adult internet users is over 3.7 million when includes those who have not have an online purchasing experience.

According to Collis and Hussey (2014) the minimum sample size for the population over 1 million should be 384. However, it could be very difficult for the researcher collect this number of responses due to the short time and lack of targeting methods available. It is also difficult to determine an exact number for the responses because the questionnaire will be sent publicly using the internet, which will be explained in detail in the following section. For those reasons, the researcher set a minimum number of 50 responses for the questionnaire and any number above that would be acceptable.

4.5 Using the website surveymonkey.com for data collection

Sending questionnaires online is easy and can be done in a shorter time in comparison with sending them by post or distributing them in different locations. The fact that the researcher is not in Saudi Arabia at the time supports the idea of online questionnaires.

The website surveymonkey.com has been chosen because it is a well-known and widely trusted website. Many famous brands such as Facebook, Samsung and Kraft use this website as noted on its homepage. As the questionnaires will be sent in Arabic, a contact with the support staff at surveymonkey.com has been made and they assure that the website is supporting right-to-left languages.

There are many useful features to help in having a successful experience.

4.6 Design of research instrument (questionnaire)

Collis and Hussey (2014) defines a questionnaire as a list of questions designed and structured in a careful way which have been chosen after good testing in order to collect reliable responses from a particular group of people.

There are some general rules for designing questions (Collis and Hussey 2014). The general idea is to keep questions as simple as possible. However, if the questionnaire is designed to collect data from an intelligent and highly knowledgeable sample, then it is possible to aim for a fairly high level of complexity. The questionnaire should include a brief explanation about the purpose of the research. These are some general rules for research questions:

- The questions that are being asked should be important for the analysis.
- Questions should be short and simple.
- Only one question should be asked at a time.
- Write some questions as a cross-check for other questions answers.
- Avoid unclear and negative questions.
- Avoid questions that suggest correct answers.
- Avoid questions that include calculation or testing memories.
- Avoid embarrassing questions.

There are different types of questions for questionnaires. Closed questions are written to allow respondents to choose the answer from a list. These kinds of questions could be used for different types of questions, such as those that seek facts like the respondents' gender and level of education to name but a few. These types are also used to get the respondents' opinions.

Another type of questions is known as open questions. These questions allow the respondents to answer using their own words.

In some cases, both types are used at the same time. There might be a list of answers to choose from and then a space for respondents to write their reasons for the chosen answer. Also this might be used to allow the respondent to provide a different answer that is not included in the list.

Closed questions are easier to answer by respondents and also easier for analysis by the researcher. Using this type of question is suggested for a positivist approach research.

Questionnaire design

This research has different objectives, and collecting data from consumers in Saudi Arabia is an important step to achieve them. All the questions on this survey are closed questions to make it easier for respondents to answer. However, some questions have a text box to allow respondents to write other answers that are not mentioned in the choices.

With surveymonkey.com it is possible to divide the questions into different pages and that helps in organising the questionnaire. This questionnaire is divided into seven different pages of different lengths.

The introductory page provides general information about the survey and its purpose. It also indicates the average response time for the survey.

The second page seeks to collect general information about respondents and it includes five different questions.

These questions ask about gender, level of education, age group, region, and the internet service provider. All of this information is important for analysing the results.

It is important to study which gender is shopping more online and also to discover the opinions about different questions for both genders.

The age is divided into five groups: 18-25, 26-33, 34-42, 43-55, and above 55. That will identify which age group is leading the online shopping in the country.

Saudi Arabia is divided into five main regions (central, eastern, western, northern and southern) and each region is divided into different governorates. The regions are separated from each other by vast expanses of desert, and for that reason there are some differences in cultures and life styles between people in different regions. For that reason, asking the respondents about their regions is important.

The final question in this page is about the internet service provider. There are four companies that provide internet service: Saudi Telecom Company (STC), Mobily, Zain and GO. Respondents can choose more than one answer for this question, and there is also a fourth

answer “other” due to the fact that some large companies like Saudi Aramco allow their employees to use the company system to connect to the internet.

The third page contains only one question which asks if the respondent have ever purchased products or services online. If the respondent answer “yes” for this question, he or she will be redirected to page four; if the chosen answer is “no” the respondent will be redirected to page five.

Page four contains four different questions about the previous experience with online shopping.

The first question on this page is about the websites that the respondent has purchased from. The list has 11 different websites and also allows the respondent to add other websites that are not shown on the list. Respondents can choose as many answers as they like for this question.

The second question seeks to identify the type of product/service that the respondent has purchased online. There are 14 different categories in the list and the last option is “other”, which could be chosen if the respondent has ever bought any product/service which does not belong in any category. Any number of choices is acceptable for this question.

Question three is about the preferred payment method. The list contains 7 different methods and an “other” option for any method that is not available on the list. More than one choice is acceptable for this question.

The following question is about the preferred shipping company. Six national and international companies are provided and there are two more options “other and no preferred company”. Respondents can choose as many answers as they want.

Respondents that choose the answer “no” for the question on page three will skip page four and be redirected immediately to page five, which contains only one question asking respondents if they are planning to purchase products or services online in the future. The answer list contains three different choices: yes, no or I don’t know.

All respondents that answer the questions on page four or page five will be redirected to page six. This page has three different questions.

The first question seeks to identify the online shopping enablers from the respondent's view. There is a list of different enablers and the respondent can choose any number of choices and also can write other enablers in the box provided.

The next question is about the inhibitors of online shopping, and respondents can choose the inhibitors that suit their situation. For example, the respondent should not choose "no credit card available" as an inhibitor because he or she thinks that this factor is an inhibitor for the majority of people in Saudi Arabia, but they should choose it if they do not have a credit card themselves. Respondents can choose as many answers as they want and can also write other inhibitors.

The final question on this page is a scale question. There are 14 different factors for this question and the respondents are asked how important each factor is to make a purchasing decision from a specific website. These factors are:

- Website reputation.
- Diversity of payment methods.
- Secure payments.
- Shipping speed.
- Shipping cost.
- Prices for products or services.
- The possibility of writing reviews for products.
- Previous personal experiences with the website.
- Family and friends' experiences with the website.
- Website design.
- Availability of Arabic language.
- The country where the website is based.
- Customer service.
- Return and exchange policy.

There are four choices for these factors: very important, important, not important and not important at all.

The final page contains one scale question to explore the respondents' opinions about factors that affect e-commerce in Saudi Arabia. The question is "Which of the following factors affects e-commerce?" and the factors provided are:

- The level of anti-cybercrime in the country.
- The service level of internet service providers.
- Procedures for issuing credit cards.
- The support of large businesses to online shopping.
- The increase in using tablets and smartphones.
- The number of internet users in Saudi Arabia.
- The average income for individuals.

Four different choices are available for each question: strongly agree, agree, disagree and strongly disagree.

The questionnaire has been sent to 10 people as a test (will not be included in the data analysis) and the average response time was 4:30 minutes. Some questions have been modified as some respondents misunderstood their meaning.

The English version of questionnaire is available in appendix E and the Arabic version is available in appendix F.

4.7 Conclusion

The purpose of this chapter is to decide how to design the research for the different stages. Showing the different paradigms and choosing positivism strategy for this research was the first step in the design. That has been followed by the research strategy, and only strategies associated with positivism studies have been shown ended up with chosen surveys for different reasons as explained. Choosing the data collection method is very critical; however questionnaires have been chosen due to the fact that the other types would not suit the research that has been carried out.

CHAPTER 5:

ANALYSIS OF RESULTS

5.1 Introduction

Having collected data, it is the time to analyse it and come up with a summary of the results and outline the key findings. This chapter will start with the research question and objective as they are important to guide the analysis process. Following that, the research sample and data collection will be discussed to give a brief knowledge about how was things were done. Then, the actual analysis will start moving from section to another in the questionnaire and also graphs will be used to support the process.

5.2 Research question and objectives

The research question was:

“What are the main factors that influence online shopping from a customers’ point of view in Saudi Arabia?”

In order to answer the question, several research objectives were provided:

- To explore the role of Supply Chain Management (SCM) in online shopping.
- To explore the e-commerce status in Saudi Arabia.
- To study general aspects about computer and the internet privacy and security.
- To provide a general aspect about the stages of marketing development.
- To study the main elements in consumer behaviour.
- To identify the drivers and barriers of online shopping from customers’ point of view in Saudi society.

In order to achieve these objectives, secondary data were used in literature review and industrial review as well as collecting primary data using questionnaires.

5.3 Sample

The nature of this research make it difficult to specify a sample number because the targeted population is all adults in Saudi society, and also the fact that online mediums were used to reach respondents. However, as specified on the previous chapter minimum number of respondents were set to fifty without specifying any maximum number due to the fact that the more respondents we have the more accurate results will be founded.

Saudi Facebook pages and online boards were used to reach the sample using the questionnaire hyperlink from surveymonkey.com. The majority of Facebook pages fans and online boards members are from Saudi Arabia. Although there was a chance that the questionnaire reached non-Saudis, the instruction provided on Facebook pages, online boards and on the first page of questionnaire was telling clearly that the survey is for Saudis only. Furthermore, questions on the first section especially the two about regions and internet service providers make it clearer.

The total number of responses is 306 but only 232 responses are completed. For that reason, the 74 uncompleted responses will be avoided on the analysis.

The questionnaire was distributed in Arabic and all results and graphs are translated into English in order to be used on this chapter. English and Arabic versions of the questionnaire are available on Appendix E and F.

5.4 Data analysis and results

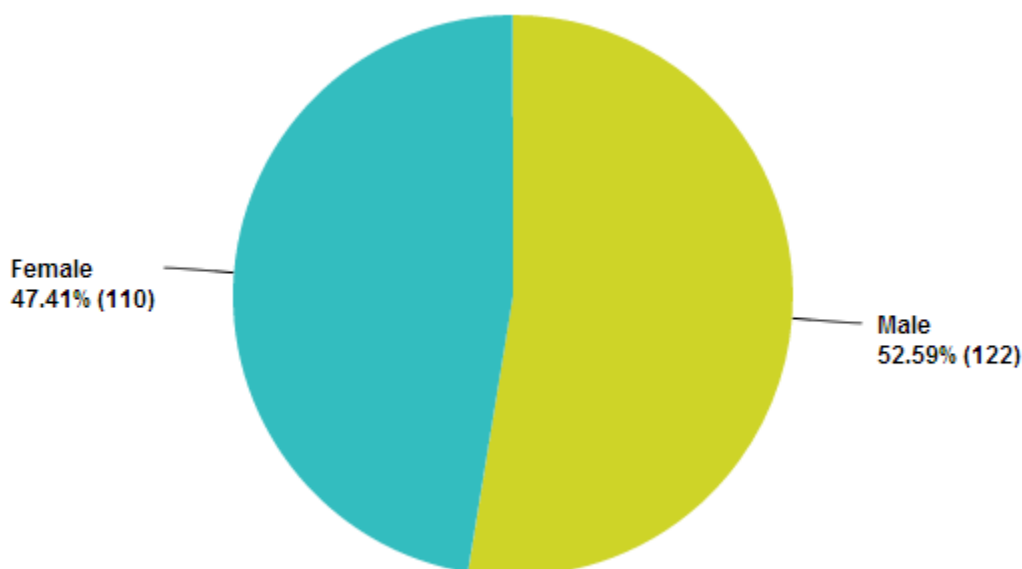
The questionnaire was divided into six different sections with different length. Each of them was designed to collect different types of information started with the general information about the respondent in section one, until the questions about e-commerce in the last section.

5.4.1 Section one: General information

Gender

The respondents were 52.59% (122) males and 47.41% females (110) as shown in figure 5.1.

Figure 5.1 - Gender

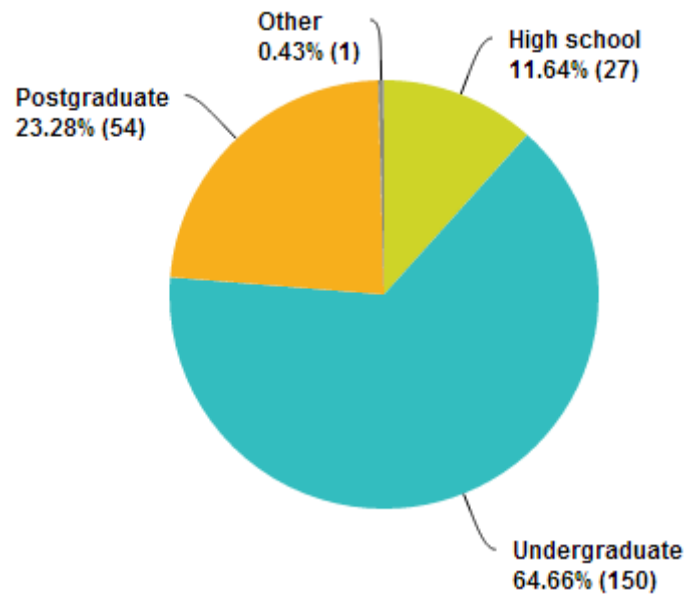


It is good that we have a very close percentage of males and females respondents because that helps in comparing other answers on the questionnaire by gender. This is important to know the differences in opinions between males and females for the different aspects on the questionnaire.

Level of education

The majority of respondents are undergraduate and they account for 64.66%. Postgraduate are the following and they are account 23.28% from the total number of respondents. The results also show that 11.64% of respondents are at the high school level. Finally, only 0.43% choose “other” as an answer for the level of education (see figure 5.2).

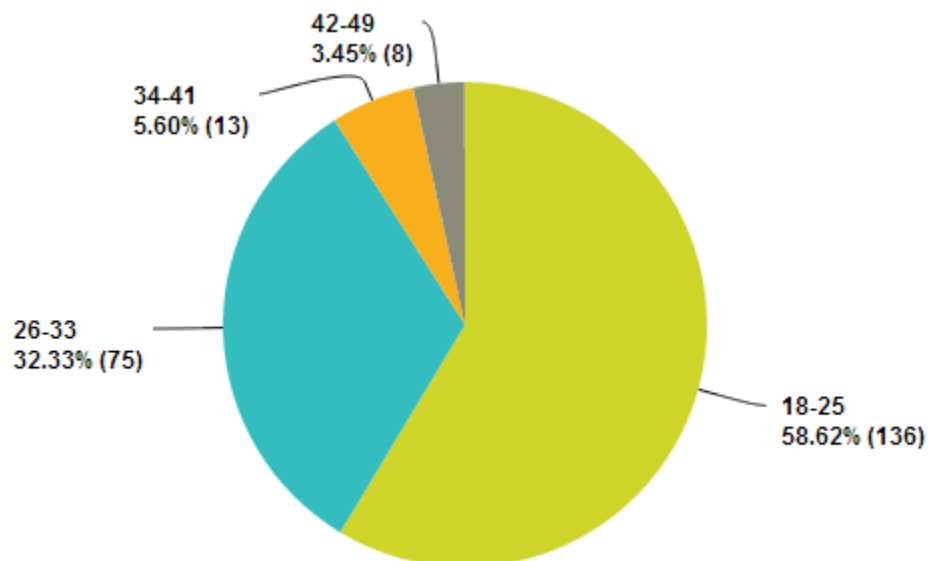
Figure 5.2 – Level of education



Age group

The third question on this section was about the age group and five groups were provided. 136 of the respondents which account for 58.62% are within the age group 18-25. The second age group 26-33 account for 32.33% while the group 34-41 account for 5.60%. Only 3.45% of the respondents are within the age group 42-49 and unfortunately there was nobody within the last age group 50 or above (see figure 5.3).

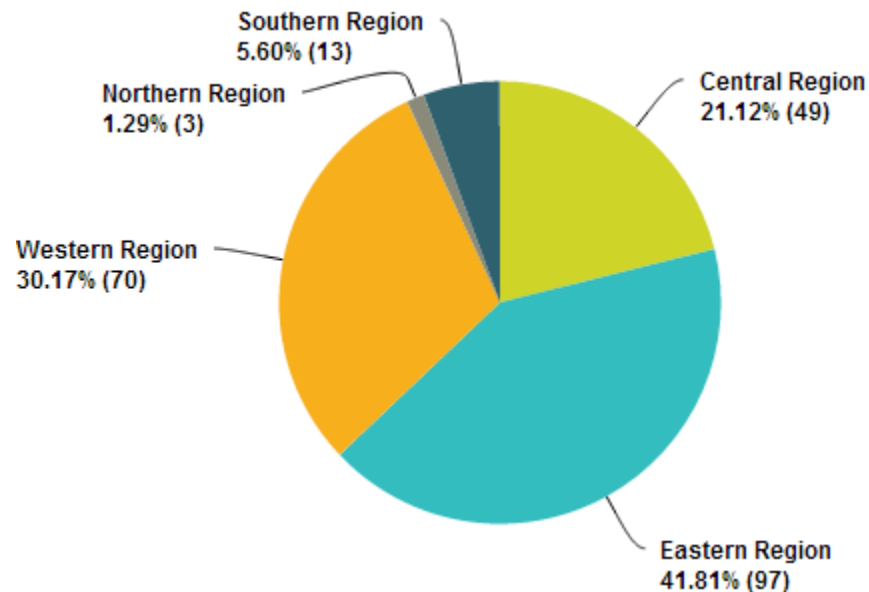
Figure 5.3 – Age group



Region

The eastern region has the largest number of respondents account for 41.81%. Western region and central region are the following with 30.17% and 21.12% respectively. Southern region only accounts for 5.60% while the northern region accounts only for 1.29% (see figure 5.4).

Figure 5.4 - Region



Internet service provider

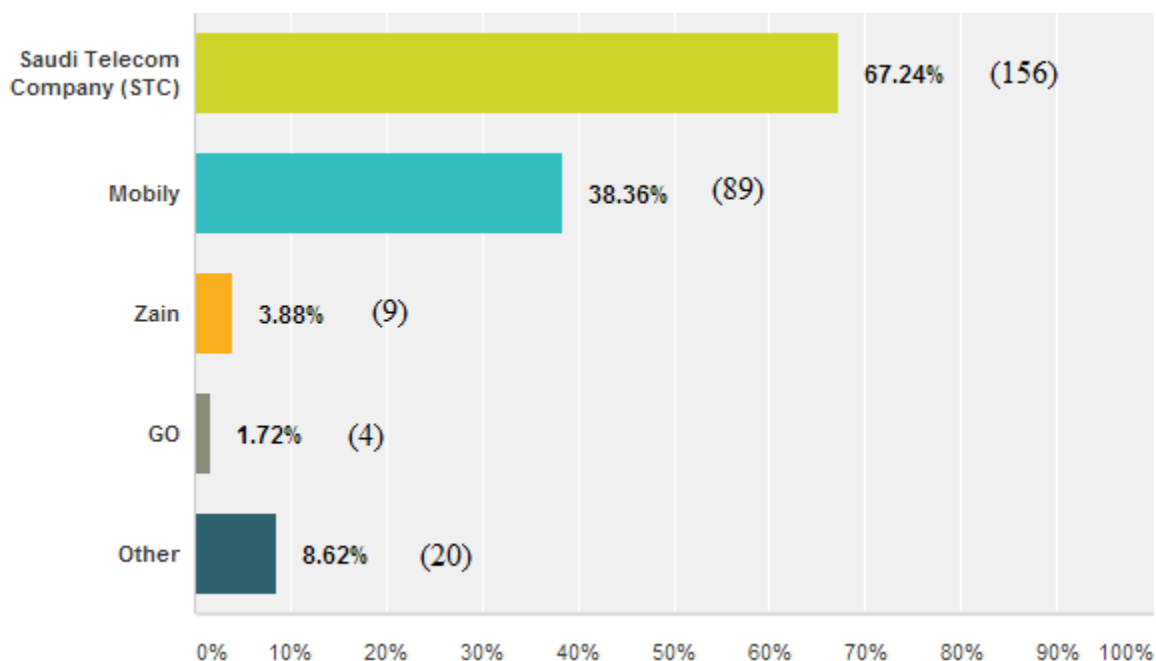
Due to the fact that some people using more than one internet service providers like one at home and another one at work or mobile phones, multiple answers were possible for this questions. Saudi Telecom Company (STC) was the most chosen provider and it was chosen by 67.24% of respondents. This result is quite reasonable as already shown previously on the industrial review chapter that the STC market share was 57% by the end of 2012 (STC 2012).

Mobily is the second most chosen provider as it was chosen by 38.36% of respondents. This result is also expected as Mobily owns the vast majority of shares of the Saudi National Fiber network and also it was the first company launched different services in Saudi Arabia such as iPhone 3G in 2009 and BlackBerry internet service as mentioned earlier in the industrial review (Mobily.com.sa ND).

Zain and GO was chosen by low number of respondents as only Zain was only chosen by 3.88% of respondents and GO 1.72%.

8.62% of respondents chose the option (other) for this question. That might refer to different things such as internet at work, public Wi-Fi and the internet service provided by some large companies like Saudi Aramco for their employees' homes. See figure 5.5 for internet service providers' responses.

Figure 5.5 – Internet service provider



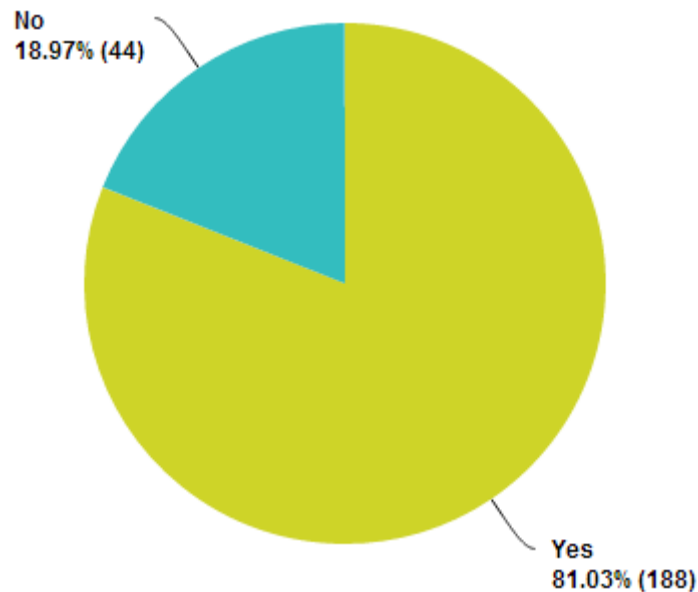
5.4.2 Section two: Online purchasing

This section contains one question only:

Q: Have you ever purchased products/services online?

Unsurprisingly, the vast majority of respondents said that they have purchased products/services online. This research shows more interesting results than the research and reports provided on the literature review. Arab Advisors Group Survey (2014) shows that 32% of adult internet users in Saudi Arabia use the internet to buy products and pay for services. 50% of the respondents of MasterCard Online Shopping Behaviour Study (2014) indicated that they access the internet for online shopping. However, 188 of respondents account for 81.03% on this study stated that they have experience on online shopping (see figure 5.6).

Figure 5.6 – Online purchasing



More interestingly, unlike what said on Payfort (2014) report that females are only account for 15% of total online transactions, the results shows that 78.18% of females respondents (86) have had purchased online. Males' respondents who indicated that they have purchased online before are 83.61% which is only slightly higher.

72.06% of respondents on the age group 18-25 answered yes for this question while 92% of the respondents on the age group 26-33 said that they have purchased products/services online. The respondents on the age groups 34-41 and 42-49 were all indicated that they have purchased online, however, the sample for these two groups might be not enough to be generalised.

It is also been founded that the respondents with higher level of education are more involved in online shopping. 66.67% of high school respondents says that they have purchased online. The percentage for undergraduate is 79.33% and even higher for postgraduate as 92.59% of them said that they have purchased products/services online. Only one respondent has other level of education so it is not possible to count on it.

By regions, 87.76% of respondents from the central region stated that they have purchased online while 12.24% answered no. The eastern region has shown lower percentage for the positive answer with 77.32% of respondents and 22.68% said that they have never shopped online. The western region has slightly more positive answers in comparison with the eastern

region as 80% of respondents said that they have an experience buying online while 20% said that they have not.

For the northern and southern regions the number of respondents were very low as only three responses in total were gathered from the northern region (66.67% answered yes) and thirteen responses from the southern region (92.31% answered yes). It is not possible to generalise the results for these two regions due to the small samples.

5.4.3 Section three: Previous experience

The respondents who stated that they have purchased products/services online on the last section were forwarded to answer these four questions.

Q1: Which websites have you purchased from? (You can choose more than one answer)

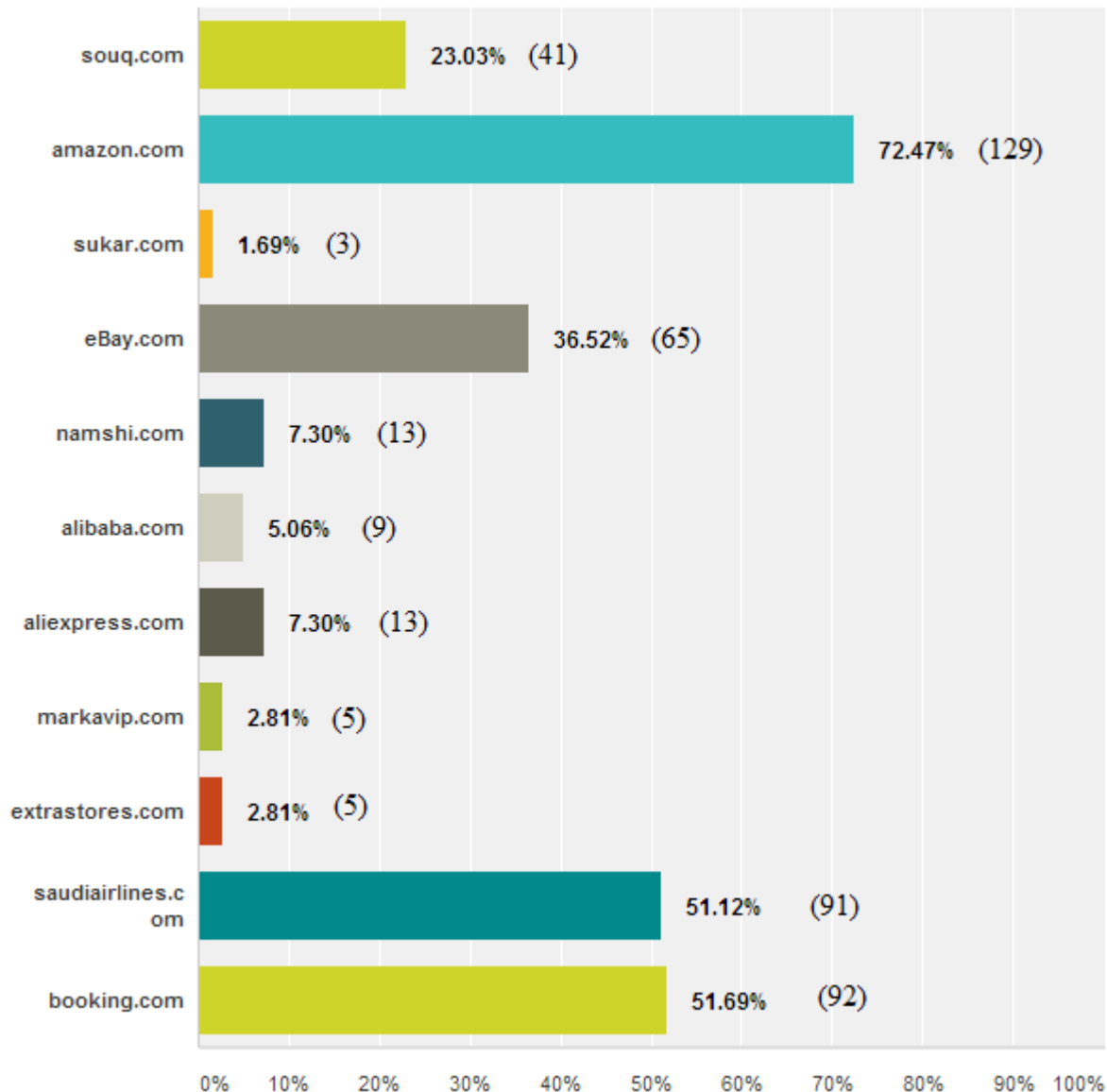
This question provided a list of 11 websites that been found the most popular in Saudi Arabia from the literature review and a text box was available for the respondents to add other websites. The website booking.com was added to the list as a very popular website for hotel bookings but it was not mentioned on the literature review. There was no limit for the answers that a respondent can choose for this question.

Unlike the information available on the literature review from MasterCard report (2014) and the Payfort report (2014) which shows that souq.com is the most popular e-commerce website in Saudi Arabia, the results shows that amazon.com is the most popular one as it was chosen by 72.47% of respondents. More surprisingly, the second website is booking.com and it was chosen by 51.69% of respondents. This popular website was not mentioned on the MasterCard nor Payfort reports as a popular website for online shopping in the country. Very close to booking.com, 51.12% of the respondents stated that they have purchased from saudiairlines.com which make it in the fifth position.

Ebay.com is next and it was chosen by 36.52% of respondents. Souq.com which was expected to be the most popular website depending on mentioned studies was only chosen by 23.03% of respondents. This result make it very far away from amazon.com.

All other websites on the list got only low percentages. Namshi.com 7.30%, aliexpress.com 7.30%, alibaba.com 5.06%, markavip.com 2.81%, extrastores.com 2.81% and sukar.com 1.69%. Figure 5.7 shows the percentage and number of respondents for each website.

Figure 5.7 – E-commerce websites



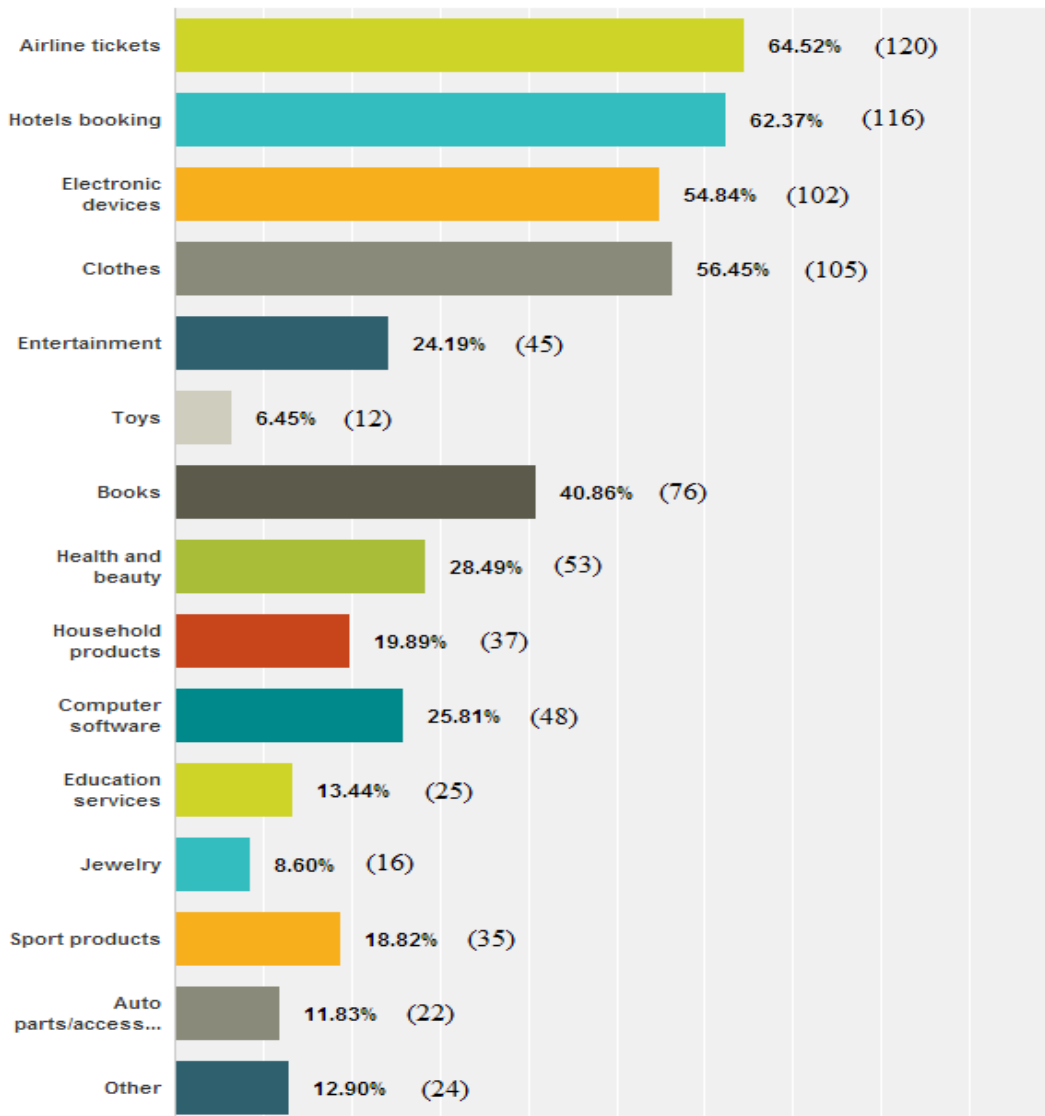
On the “other” section some websites/sources were added by the respondents like buying products from individual sellers on Instagram as many people started to use this network to establish their own small businesses. Other websites like cam4sell.com were also mentioned by several respondents.

Q2: What type of products/services did you purchase? (You can choose more than one answer)

This question was written to identify the most popular categories of products/services for Saudi society. The categories were chosen mainly based on the information from different reports which was mentioned on the literature review.

Airline tickets was found the most common category as it was chosen by 64.52% of respondents. This is match what was written on the literature review from Payfort report as airline tickets was also the most common category. Other categories were hotels booking 62.37%, clothes 56.45%, electronic devices 54.84%, books 40.86%, health and beauty 28.49%, computer software 25.81%, entertainment 24.19%, household products 19.89%, sport products 18.82%, education services 13.44%, other 12.90%, auto parts/accessories 11.83%, jewelry 8.60% and toys 6.45%. See figure 5.8 for the details.

Figure 5.8 – Categories

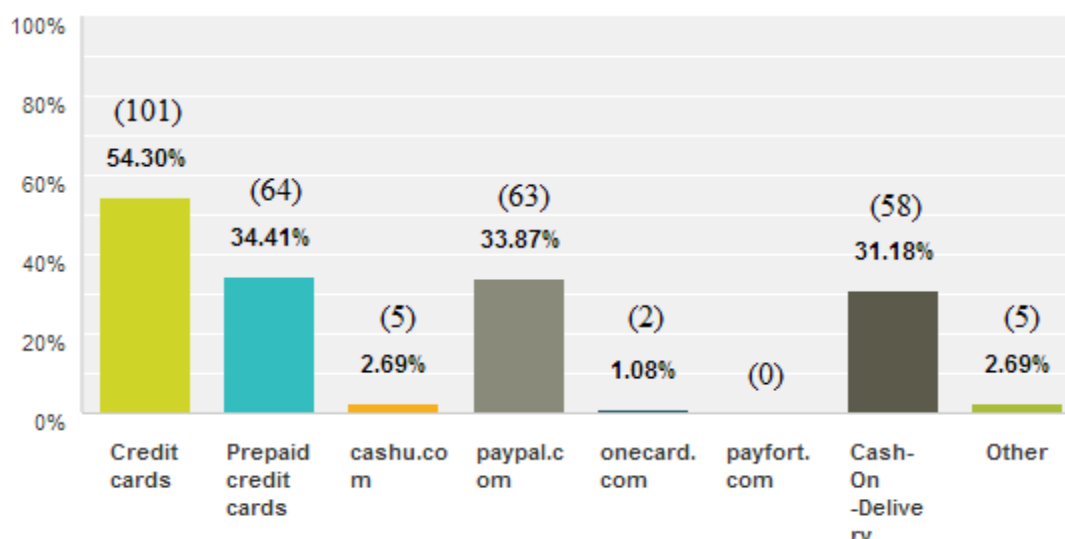


Q3: What are your preferred payment methods? (You can choose more than one answer)

Payment method is an important factor for online shopping and this question was written to gather information about the popularity of different methods. As mentioned on the literature review that Payfort report (2014) stated that 76% of total online transactions in Saudi Arabia are being made using cash-on-delivery methods. However, the results here shows that credit card is the most popular method as it was chosen by 54.30% of respondents. Prepaid credit cards and PayPal are the following with 34.41% and 33.87% respectively. Cash on delivery was found as the fourth popular method and it was chosen by 31.18% of respondents.

2.69% of respondents stated that they prefer cashu.com and the same percentage for other methods. Onecard.com was only chosen 1.08% of respondents while no one choose the website Payfort.com. The website payfort.com was founded last year (2013) and it is still not very popular. The figure 5.9 shows the full details.

Figure 5.9 – Payment methods



Q4: What are your preferred shipping companies? (You can choose more than one answer)

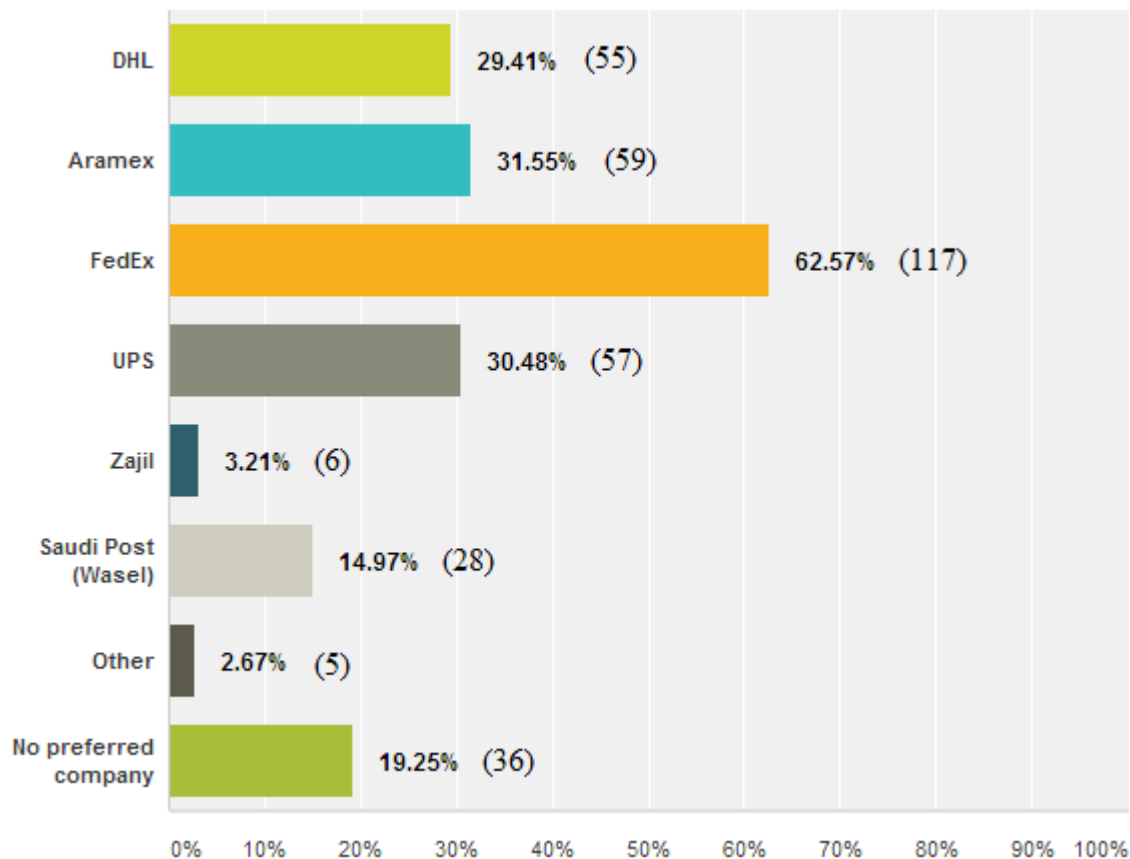
The aim of this question is to know the most preferred logistics companies for online shoppers. Multi-answers were possible for this question.

The result shows that FedEx is the most preferred shipping company for Saudis as it was chosen by 62.57% of respondents. Aramex, UPS and DHL got very similar results and was

chosen by 31.55%, 30.48% and 29.41% respectively. 19.25% of respondents stated that they do not have any preferred shipping company.

Saudi post (Wasel) was chosen by 14.79% of respondents while Zajil was chosen by only 3.21%. Finally, 2.67% of respondents choose “other” which means that they prefer other companies not available on the list. See figure 5.10 for details.

Figure 5.10 – Shipping companies



5.4.4 Section four: Future

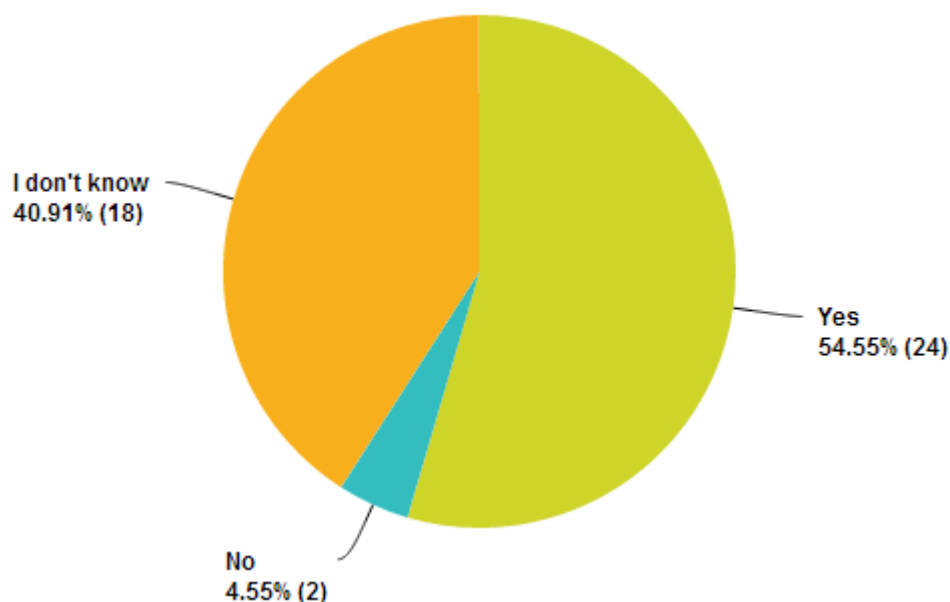
Respondents who stated that they have never purchased online in section two were forwarded to this section which contains only one question:

Q: Do you plan to purchase products/services online in future?

More than half of respondents said that they are planning to purchase online in feature while only 4.55% of responses said that they are not planning to buy products/services online.

40.91% of respondents chose the answer “I do not know” for this question. See figure 5.11 for the details.

Figure 5.11 – Future plan



5.4.5 Section five: Enablers and inhibitors of online shopping

There is a special importance for this section as it aims to measure the drivers and barriers of online shopping from the consumers' point of view. All respondents were involved in this section which contains three different questions.

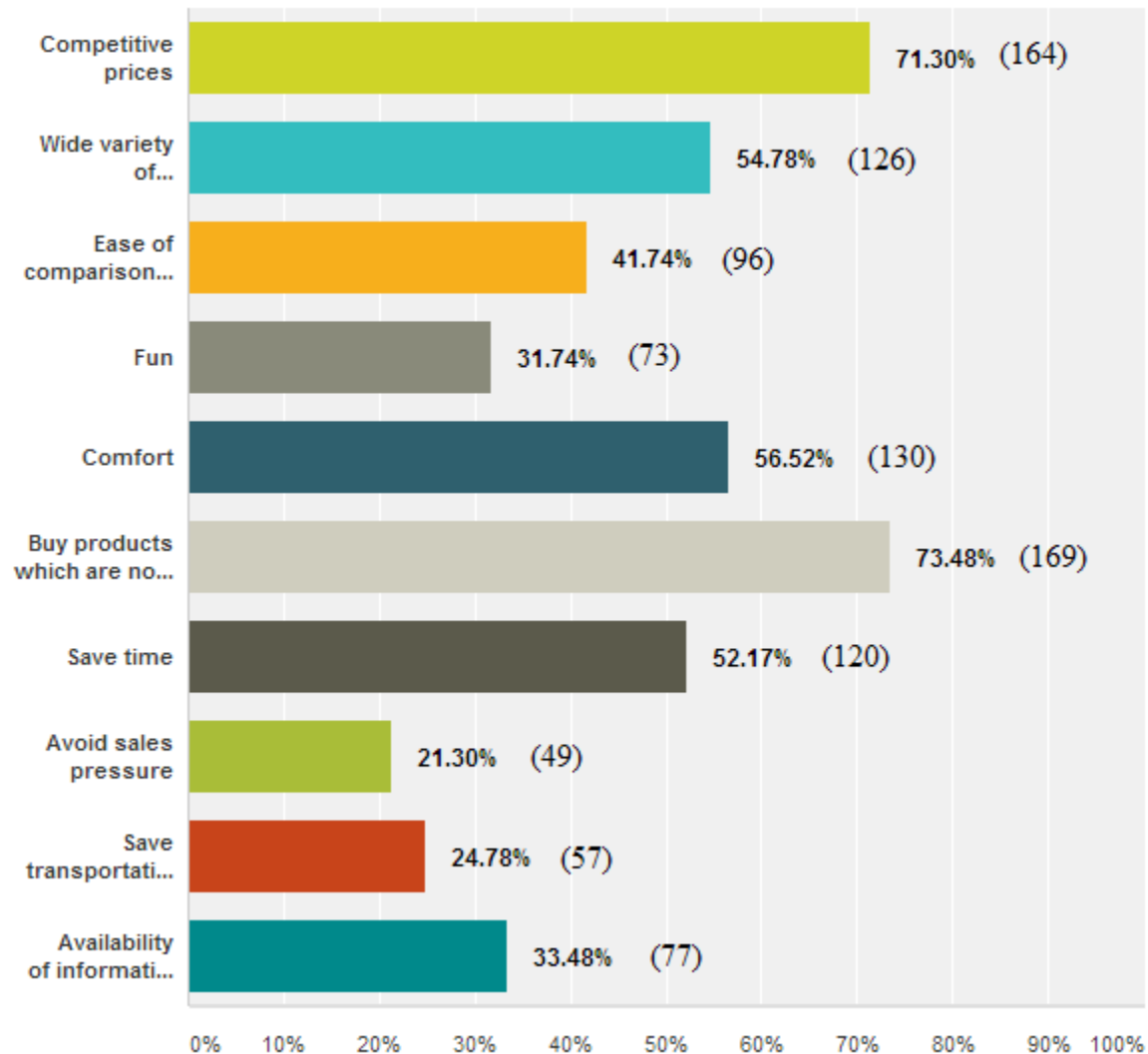
Q1: Which of the following are enablers of online shopping compared to traditional shopping for you? (You can choose more than one answer)

This question was designed to identify the enablers of online shopping from the respondent point of view.

It has been identified that the most important driver of online shopping is the ability to buy products which are not available in the local market as this enabler was chosen by 73.48% of respondents. The percentage of other factors are: competitive prices 71.30%, comfort 56.52%, wide variety of products/services 54.78%, save time 52.17%, ease of comparison between sellers 41.74%, availability of information about products/services online 33.48%, fun 31.74%, save transportation cost 24.78%, avoid sales pressure 21.30%.

Figure 5.12 shows the percentages and number of respondents for each choice.

Figure 5.12 – Enablers of online shopping



Few comments were added by some respondents but most of them are already available on the list. However, one respondent mentioned that it is possible to buy products with higher quality than the products available in the local market.

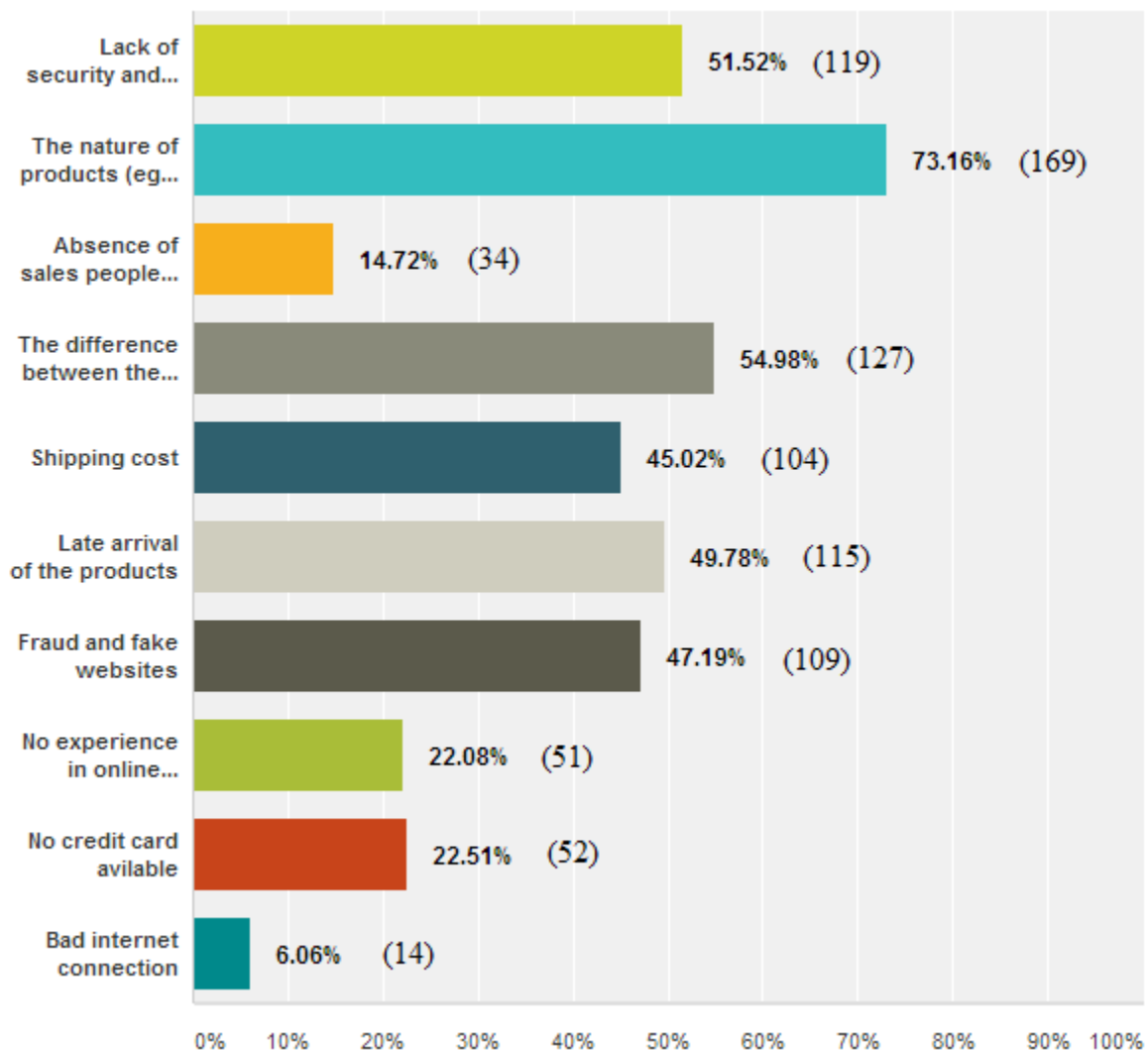
Q2: Which of the following are inhibitors of online shopping for you? (You can choose more than one answer)

Identifying the inhibitors of online shopping is as important as identifying the enablers because both types are affecting consumer decision. This section was aiming to know the barriers of online shopping which suit the individual respondents' situation (for example the

inhibitor “no credit card available” might be a barrier for those respondents who do not have credit cards but it should not be a barrier for the rest).

The majority of respondents (73.16%) stated that the nature of products such as clothes sizes is an inhibitor for online shopping. The other factors are: the difference between the product appearance in pictures and in reality 54.98%, lack of security and privacy in online shopping and payments 51.52%, late arrival of the products 49.78%, fraud and fake websites 47.19%, shipping cost 45.02%, no credit card available 22.51%, no experience in online shopping 22.08%, absence of sales people to respond to your questions 14.72%, and bad internet connection 6.06%. No more factors were added by the respondents for this question. The details are shown in figure 5.13.

Figure 5.13 – Inhibitors of online shopping



Q3: How important are the following factors to make a purchasing decision from a specific website?

The previous two questions were measuring the enablers and inhibitors of online shopping in general concept. However, this question was aiming to identify the factors that respondents considered to be important in order to buy products/services from a particular website. Rating scale was used for this question with four different options to be chosen from; very important (weight 4), important (weight 3), not important (weight 2), not important at all (weight 1). And results are shown on table 5.1 for easy reading.

Table 5.1 – Factors influence purchasing from a specific website

	Very important	Important	Not important	Not important at all	Total	Average rating
Website reputation	78.51% (179)	19.30% (44)	2.19% (5)	(0)	228	3.76
Diversity of payments methods	38.22% (86)	47.56% (107)	11.56% (26)	2.67% (6)	225	3.21
Secure payments	87.22% (198)	12.78% (29)	(0)	(0)	227	3.87
Shipping speed	46.70% (106)	46.70% (106)	6.61% (15)	(0)	227	3.40
Shipping cost	53.33% (120)	42.22% (95)	4.44% (10)	(0)	225	3.49
Products/services prices	61.06% (138)	34.07% (77)	4.42% (10)	0.44% (1)	226	3.56
The possibility of writing reviews for products	25.57% (56)	38.36% (84)	29.22% (64)	6.85% (15)	219	2.83
Previous personal experience with the website	34.96% (79)	46.46% (105)	15.49% (35)	3.10% (7)	226	3.13
Family and friends experience with the website	23.01% (52)	57.96% (131)	15.49% (35)	3.54% (8)	226	3.00
Website design	37.17% (84)	47.35% (107)	11.50% (26)	3.98% (9)	226	3.18
Availability of Arabic language	15.70% (35)	26.01% (58)	32.29% (72)	26.01% (58)	223	2.31
The country where in the website is based	22.17% (49)	30.32% (67)	30.32% (67)	17.19% (38)	221	2.57
Customer service	40.97% (93)	46.70% (106)	9.69% (22)	2.64% (6)	227	3.26
Return and exchange policy	53.30% (121)	33.92% (77)	11.89% (27)	0.88% (2)	227	3.40

Secure payments and website reputation were identified as the most important factors for the website selection. This result is very similar to what MasterCard report (2014) shows that the reputation of the website and secure payment are the most important factors.

The result also shown that the availability of Arabic language for the e-commerce website and the country where the website is based are the least important factors for online shoppers in Saudi Arabia.

Few respondents skipped some factors and also three respondents skipped the whole question but that small number does not make any negative impact on the result.

5.4.6 Section six: E-Commerce

The goal of this section is to understand the consumers' view about the affection of different factors on the e-commerce in Saudi Arabia. It consist of one rating scale question only.

Q: Which of the following factors affect e-commerce?

This question contains different factors that not directly linked to e-commerce businesses but more related to other businesses/areas that affect online shopping. Respondents could choose one of four different choices; strongly agree (weight 4), agree (weight 3), disagree (weight 2) and strongly disagree (weight 1). Table 5.2 shows all the factors and results.

Table 5.2 – E-Commerce

	Strongly Agree	Agree	Disagree	Strongly disagree	Total	Average rating
The level of anti-cybercrime in the country	57.02% (130)	35.53% (81)	6.14% (14)	1.32% (3)	228	3.48
The service level of internet service providers	36.73% (83)	49.12% (111)	11.95% (27)	2.21% (5)	226	3.20
Procedures for issuing credit cards	36.00% (81)	48.44% (109)	14.67% (33)	0.89% (2)	225	3.20
The support of large businesses to online shopping	42.86% (96)	44.64% (100)	10.71% (24)	1.79% (4)	224	3.29
The increase in using tablets and smartphones	33.33% (75)	48.00% (108)	14.22% (32)	4.44% (10)	225	3.10
The number of internet users in Saudi Arabia	31.56% (71)	43.56% (98)	16.44% (37)	8.44% (19)	225	2.98
The average income for individuals	27.56% (62)	47.11% (106)	16.89% (38)	8.44% (19)	225	2.94

Cybercrime which refer to crimes carried out on computer networks or over the internet is a huge barrier for e-commerce activities. The results shown that the level of anti-cybercrime in the country is the most important factor that affect e-commerce.

In the other hand, the average individuals' income is not a very important factor according to the respondents.

The question was skipped by four respondents and some factors were also skipped by few respondents but that does not affect the result.

5.5 Conclusion

306 responses were collected for the questionnaire but only 232 are completed. The analysis on this chapter highlighted the most important parts for each question and made comparisons with the information provided in the literature review.

Many differences has been identified between secondary data mentioned in the literature review and the research results such as the most popular e-commerce website and the most preferred payment method.

For some questions it was difficult to say that some results could be generalised because of the small number of respondents. The whole limitation will be discussed later.

CHAPTER 6:

CONCLUSION AND

RECOMMENDATIONS

6.1 Conclusion

This research was designed to study the main factors that influence online shopping from a customer's point of view in Saudi Arabia. In order to answer the research question and achieve the research objectives, several chapters include both secondary and primary data which were discussed. In this chapter, we are going to summarise the different parts of the dissertation and identify the key points. We are also going to ensure the achievement of the research objectives.

As online shopping has become more popular all over the world, it is important to explore the opinions of different societies. That will help new and existing businesses to better understand the market, which will lead to an improvement in their services to suit different markets. Saudi Arabia is an important Middle Eastern country because of its strong economy, which reflects on the standard the living of individuals and increases their purchasing power. However, there is a lack of studies about online shopping in Saudi Arabia, and most of the studies available are about the Arab World as a whole. This research tried to go deeply into studying online shopping in Saudi Arabia from customers' perspectives in order to come up with a good understanding of customers' opinions about the topic and to understand their requirements.

The introduction chapter was written to give a brief idea about the topic background considering the online shopping situation in Saudi Arabia. The research questions and objectives were set and the general research structure was provided.

The literature review is the largest piece of work in the whole dissertation. In that chapter, different business and technical topics that affect online shopping were studied. Supply chain management (SCM) was the first thing to be discussed in the literature review because all business functions should be part of SCM. The SCM philosophy is about the integration of internal and external processes in one chain in order to achieve the SCM objectives which meet or exceed customers' requirements and optimise costs. That can be done through building strong relationships with all related parties internally and externally, and also include a good management of material flow, cash flow and information flow. The concept of electronic supply chain management was also explored with a focus on distribution operations, which is considered to be the most challenging aspect of supply chain for online businesses.

The following section in the literature review is about e-commerce. The definition of e-commerce was provided, and the different types of e-commerce were discussed briefly. In addition, the difference between e-commerce and e-business was explained. Following that, e-commerce in Saudi Arabia was explored with the support of previous reports and studies. It became clear that there has been a continuous increase in online shopping in Saudi Arabia, as stated in different reports such as Payfort (2014) and MasterCard (2014). At the end of this part, some examples of Arabian e-commerce websites were provided with a short overview of each one.

Computer and internet security and privacy is the following part of the literature review. It was divided into two main sections: computer security and privacy, and internet security and privacy. In the first section, the concept of computer security was explained briefly. Trojan horses, computer viruses and worms were also discussed in the first section as examples of common computer threats. The second section was more about providing ideas of how to be secure online. Online payments were discussed and different online payments gateways were explored. The second section also outlined the idea of secure surfing through the secure sockets layer (SSL). The last part of that section was about a scam method used widely on the internet for collecting conditional data known as phishing.

Marketing is an important function for any business. This topic was chosen to be a part of the literature review because of its importance and the direct effect that it has on consumers. This part was divided into three main sections: marketing in the past, contemporary marketing and e-marketing. The first section discussed marketing orientations in the past, and stated that all of these orientations ignored customers' requirements and needs. The following section explored the concept of contemporary marketing, which shows that marketing now is a customer-centric function starting with studying customers' needs and creating products/services that satisfy those needs. The last section discussed online marketing and stated that it refers to the use of marketing tools and techniques on the internet. Wide areas of online marketing tools and techniques were discussed, such as search engine optimisation (SEO) which was found to be very important for any business's website as it helps in increasing the website's visibility on search engines. Other online marketing techniques were also discussed, including social networking marketing, YouTube marketing, web advertising and pay per click (PPC) advertising networks.

The fifth part of the literature review was on consumer behaviour, which refers to the study of the processes that consumers go through when selecting, buying and using products/services to satisfy their needs. One of the important aspects of consumer behaviour that was discussed in that part was the decision making model. This model is designed to study the different stages that consumers follow when making their decisions, from the need recognition until disposal of products. Consumer perception was also explored briefly.

Customer relationship management (CRM) is the last part of the literature review. That part explored the definition of CRM, which is regarding the use of marketing database to get to know customers well and build a long lasting relationship with them. CRM elements were discussed and some examples were provided for both traditional and online businesses.

The second chapter is the industrial review which contains two parts: internet service providers and pre-paid credit cards issuers in Saudi Arabia. The two parts were chosen to be discussed in this chapter because of their important roles in online shopping. The first part explored the internet service plans and customer services provided by the four telecom companies in Saudi Arabia: Saudi Telecom Company (STC), Mobily, Zain and GO. It was found that each company has plenty of different internet plans for homes and smartphones. It was also recognised that the three main companies (STC, Mobily and Zain) have similar methods for providing customer service, while GO has only a few methods because it only has a small number of customers in comparison with other companies.

Furthermore in that chapter, it was shown that there are two banks in the country which issue pre-paid credit cards. There is no bank in Saudi Arabia that issues Visa debit cards, and it is difficult for many people to meet the post-paid credit cards' requirements. However, pre-paid credit cards are very easy to get and they only require the user to have a current account with the bank.

The following chapter is methodology, which was designed to set the appropriate path for the research activities. The first part of this chapter was about research paradigms. The two main paradigms (positivism and interpretivism) were compared, and the researcher determined that the positivism paradigm is the appropriate method for this research because of the huge population which requires collecting quantitative data from so results could be generalised.

The second part of methodology chapter is research strategies. Experimental studies, surveys, cross-sectional studies and longitudinal studies were discussed in that part. The researcher excluded experimental studies, because they are used for studies that are conducted in a natural setting or in laboratories. A cross-sectional study is used to compare different organisations in a short period of time, and as this study is only about online shopping in Saudi Arabia, this strategy was not chosen either. The researcher also excluded longitudinal studies because they are also designed to compare different variables but over a long period of time. Having excluded those three strategies, the researcher suggested that a survey is the most appropriate strategy for the research, as it is possible to generalise results collected through surveys.

After choosing the research strategy, data collection methods were discussed. There are three different data collection methods associated with surveys: structured observation, structured interviews and questionnaires. Observation would not be a good choice for this type of research because unlike traditional shopping, it is not possible to watch people while shopping online. Interviews were very hard to use due to different reasons. First, the study required a large sample and it would be very difficult to interview that many people in the short time available for the research. Second, as the research is designed to study Saudi society, it requires collecting data from people in different regions, which is very difficult for the researcher to do. For all those reasons, questionnaires were chosen as the data collection method because it is the easiest and most effective way to collect a large number of responses in a short time. The researcher also decided to use online questionnaires through [surveymonkey.com](https://www.surveymonkey.com) because that makes it easier to reach people in the time available.

The last part of the methodology chapter was the design of the research instrument (questionnaire). The questionnaire was divided into six sections. The first section aimed to collect general information about the respondents such as gender and age group. The second section was designed to identify if the respondents have ever purchased online or not. Then, respondents who stated that they have purchased products/services online were forwarded to section three which contained different questions about their previous experiences, like the websites that they have purchased from. However, respondents who said that they have never done an online transaction were forwarded to section four which contained only one question about their future plans. All respondents who have or have not purchased online participated

in answering questions in the last two sections about enablers and inhibitors of online shopping, and general questions about e-commerce.

Chapter five was about the analysis of the results. The total number of responses was 306, which is much higher than the minimum sample that was set to 50. However, only 232 responses were completed. 52.59% of respondents were males while females were 47.41%.

Interesting results were found from the responses collected. The results showed that 81.03% of respondents have purchased products/services online.

It was also found that the most popular e-commerce website is amazon.com, as it was chosen by 72.74% of respondents. Additionally, the results showed that airline tickets are the most purchased items from the categories provided.

Buying products which are not available in the local market was the most chosen enabler of online shopping, while the nature of products such as clothing size was the most chosen inhibitor.

6.2 Limitations

The researcher made a good effort in order to come up with a useful research topic; however, as with any other research there are some limitations that should be stated:

- Time constraints were a major limitation for the research.
- Lack of secondary data was available about online shopping in Saudi Arabia.
- Distribution of the questionnaire was a big challenge, because it was distributed publicly which could impact the validity of responses.
- It was difficult to gather a balanced number of responses from different regions in Saudi Arabia.
- Difficulty in balancing responses from different age groups.

6.3 Recommendations

The increase of online shopping would definitely affect the Saudi market. Traditional retailers will be affected or might already be affected negatively because of that increase in online shopping. We can see from this study that 81.03% of respondents stated that they have purchased products/services online, and 54.55% of those who have not purchased online said that they are planning to do so in future. The researcher recommend that retailers in different sectors should start transferring some of their efforts to online selling as quickly as possible. It would be very difficult to follow the rapid changes in technology if traditional retailers do not make that decision very soon.

The most important factor in buying from a particular e-commerce website is the availability of secure payments as the results showed. For that reason, the researcher recommends that any business that wants to start selling online use an online store builder such as www.shopify.com. This website, or any other similar website, has an excellent platform which helps to create an online store in a short time for very reasonable monthly fees. Shopify.com supports 70 secured payment gateways and would benefit the business. Using shopify.com or any other similar website would also help in other aspects, such as avoiding all the technical issues like paying a developer and a designer to create a website which is very costly and might not include all the important features. Also the business will not require web hosting, which is difficult for people to manage if they do not have a good experience in that area. There are a lot of other features provided by shopify.com, such as supporting multiple languages, customer management, inventory management, and detailed reports to name but a few. There are also other websites which provide similar service, such as www.bigcommerce.com, www.volusion.com, and www.3dcart.com. All these websites offer free trials which is a great chance to test the services on different alternatives and choose the most appropriate one.

6.3.1 Recommendations for future research

Online shopping is expected to grow rapidly in the future, and that will increase the need of having more studies about the topic for better understanding of customers, businesses and the market in general.

Comparing Arabian and international e-commerce websites would be a very useful study for the future. Designing a study to compare specific websites and designing a research strategy to collect customers' opinions about both Arabian and international e-commerce websites would benefit online Arabian businesses to consolidate strengths and overcome weaknesses. It would also help new businesses that want to join the market design their strategies in a way that satisfies customers' needs.

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APPENDIX A – STC

Table A.1 – Jood Net plans

Payment Method		Speeds up to		
		2 Mbps	4 Mbps	20 Mbps
Postpaid	Monthly	SR99	SR149	SR199
Prepaid	3 months + 1 free	SR379	SR549	SR749
	6 months + 3 free	SR799	SR999	SR1,599
	12 months + 6 free	SR1,399	SR1,799	SR2,999

Source:

<http://www.stc.com.sa/wps/wcm/connect/english/individual/internet/atHome/jood-net>

Table A.2 – Jood 2 plans

Speed	Overview	Monthly Subscription
200M	Premium speed for professionals and serious Internet users.	749
100M	Golden standard in broadband speeds.	449
40M	Next generation Internet with an amazing shift in experience	299
20M	General purpose speed for households with multiple users	249
10M	General purpose speed for individual everyday use	199
2M	Reliable connection for light Internet use.	149

Source:

<http://www.stc.com.sa/wps/wcm/connect/english/individual/internet/atHome/jood-bundles>

Table A.3 – Jood 3 plans

Speed	Description	Monthly Subscription*
200M	Premium speed for professionals and serious Internet users.	699
100M	Golden standard in broadband speeds.	499
40M	Next generation Internet with an amazing shift in experience.	329
20M	General purpose speed for households with multiple users	274
10M	General purpose speed for individual everyday use	224

Source:

<http://www.stc.com.sa/wps/wcm/connect/english/individual/internet/atHome/jood-bundles>

Figure A.1 – QuickNet Router features



QUICKnet Router 4G - (Dual Mode LTE TDD 2300/FDD 1800)

Key Features

- Network: LTE, DC-HSPA+, HSPA+, HSPA, UMTS, EDGE, GPRS
- Frequency Support LTE – TDD 2300/ FDD 1800 MHz
- LTE FDD: Download speed up to 150 Mbps/ Upload Speed up to 50 Mbps @ 20MHz
- LTE TDD: Download speed up to 112 Mbps/ Upload Speed up to 10 Mbps @ 20MHz
- Support up to 32 WLAN Users
- Micro SD card slot
- External antenna interface
- Support Operating Systems: Win 2000/XP/Vista/7, Mac OS 10.4.9 And above
- Languages Supported Arabic, English

Source:

<http://www.stc.com.sa/wps/wcm/connect/english/individual/mobile/devices/quicknetdevices/quicknetrouter4g?SRV=page>

Figure A.2 – QuickNet MyFi features



Quicknet Myfi 4G

Key Features

- Data speeds up to 100Mbps
- WiFi up to 10 users
- WCDMA/GSM SMS Service
- OLED Screen
- Windows XP, Vista, Win 7, MAC OS 10.4 and above
- Supports High-Speed LTE, DC-HSPA, HSDPA, UMTS, EDGE, GPRS & GSM
- Frequency Support LTE – TDD 2300/ FDD 1800 MHz

Source:

<http://www.stc.com.sa/wps/wcm/connect/english/individual/mobile/devices/quicknetdevices/quicknet-myfi-4g?SRV=page>

Figure A.3 – QuickNet Modem features



QUICKnet X230 modem 7.2

Key Features

- Zero CD ROM, Auto Installation.
- UMTS 2100,900MHz, HSUPA/HSPA.
- EDGE/GPRS/GSM, 850/900/1800/1900 MHz.
- Up to 7.2 Mbps DL & 5.76 Mbps UL.
- OMicro SD Up to 16GB.
- SMS Supported.
- Support Win 2000/XP/Vista/7, Mac OS 10.4.9 And above.

Source:

<http://www.stc.com.sa/wps/wcm/connect/english/individual/internet/onTheMove/mobile-internet-packages>

Table A.4 – QuickNet 4G postpaid plans

Device	Internet Package	Monthly Fees	Commitment
QuickNet 4G Router	Unlimited	SR160	12 Months
QuickNet 4G MyFi	Unlimited	SR160	12 Months
QuickNet 4G MyFi	6GB /Month*	SR85	12 Months
QuickNet 4G Modem	3GB /Month**	SR49	12 Months

Source:

<http://www.stc.com.sa/wps/wcm/connect/english/individual/internet/onTheMove/quickNetPackages>

Table A.5 – QuickNet 4G prepaid plans

Device	Internet Package	Validity	Price
QuickNet 4G Modem	6GB*	1 Month	SR250
QuickNet 4G Modem	3GB ** /Monthly	3 Months	SR360
QuickNet 4G MyFi	Unlimited	3 Months	SR750
QuickNet 4G MyFi	6GB* /Monthly	6 Months	SR750
QuickNet 4G Router	Unlimited	3 Months	SR650
QuickNet 4G Router	Unlimited	12 Months	SR1300

Source:

<http://www.stc.com.sa/wps/wcm/connect/english/individual/internet/onTheMove/quickNetPackages>

Table A.6 – Limited mobile internet plans

Data Allowance	Price	Activation Codes	
		Prepaid	Postpaid
30MB	SR10	2102	2202
120MB	SR30	2103	2203
250MB	SR50	2104	2204
500MB	SR70	2105	2205
2GB	SR100	2111	2211
5GB	SR200	2115	2215

Source:

<http://www.stc.com.sa/wps/wcm/connect/english/individual/internet/onTheMove/mobile-internet-packages>

Table A.7 – Unlimited mobile internet plans

Data Allowance	Price	Activation Codes	
		Prepaid	Postpaid
1 Hour Unlimited	SR10	aljawal.net.sa	aljawal.net.sa
1 Day Unlimited	SR24	2191	aljawal.net.sa
1 Week Unlimited	SR99	aljawal.net.sa	aljawal.net.sa
1 Month Unlimited	SR350	2199	2219
3 months Unlimited	SR500	aljawal.net.sa	Not available
6 months Unlimited	SR900	aljawal.net.sa	Not available
12 months Unlimited	SR1500	aljawal.net.sa	Not available

Source:

<http://www.stc.com.sa/wps/wcm/connect/english/individual/internet/onTheMove/mobile-internet-packages>

APPENDIX B - MOBILY

Table B.1 – Connect Mobile plans

Package	Bundle Fees/ SR	Free MB Included	Additional MB	SMS Code To Subscribe	SMS Code To Renew	SMS Code To Unsubscribe
Internet Basic	Free	0	SR/MB 2.048			
Hourly Package	10 SR / Hour	Unlimited		Sub Hour		
Daily Package	24 / Day	Unlimited		Sub Day		
Internet 30 MB	10 / month	SR 30	SR/MB 2.048	Sub 30MB	Renew Connect	UnSub 30MB
Internet 100 MB	25 / month	SR 100	SR/MB 2.048	Sub 100MB	Renew Connect	UnSub 100MB
Internet 1GB *	79 SR/Month	1 GB	SR/MB 2.048	333	-	5333
Internet 2 GB	100 / month	SR 2,048	SR/MB 2.048	Sub 2G	Renew Connect	UnSub 2G
Internet 5 GB	200 / month	SR 5,120	SR/MB 2.048	Sub 5G	Renew Connect	UnSub 5G
Unlimited Internet	350 / month	Unlimited		Sub Unlimited	Renew Connect	UnSub Unlimited

Source: moby.com.sa

Table B.2 – BlackBerry 10 plans

Package	Internet Browsing	Original Price	Activation Code
BlackBerry 10 Weekly	120 MB	29 SAR/week	321
BlackBerry 10 Lite	100 MB	25 SAR/month	322
BlackBerry 10 Plus	1 GB	79 SAR/month	323

Source: moby.com.sa

Table B.3 – Connect Laptop 4G first time fees

Package	1 Month	3 Months	6 Months	12 Months
5GB	SR220	SR350	SR600	SR1010
Unlimited	N/A	SR599	SR749	SR1099

Source: Mobily.com.sa

Table B.4 – First time fees for Connect Laptop 3G with 7.2 Mbps device

Package	1 Month
5GB	SR150
Unlimited	SR425

Source: mobily.com.sa

Table B.5 – First time fees for Connect Laptop 3G with 21.6 Mbps device

Package	1 Month
5GB	SR400
Unlimited	SR650

Source: mobily.com.sa

Table B.6 – Renewal fees for Connect Laptop 3G

Package	Monthly Fee
2GB	SR60
5GB	SR100
Unlimited	SR350

Source: mobily.com.sa

Table B.7 – Connect Home 4G plans details

Package (Mbps)	1 Month	3 Months +1 month free	6 Months +3 months free	12 Months +7 months free
6 Mbps	SR269	SR699	SR1199	SR2199
4 Mbps	SR249	SR649	SR1099	SR1999
2 Mbps	SR199	SR499	SR899	SR1599

Source: mobily.com.sa

Table B.8 – Connect Home 3G plans details

Package	Monthly Bundle Fee
5GB	SR550
Unlimited	SR800

Source: mobily.com.sa

Table B.9 – Connect Home 3G renewal prices

Package	Monthly Fee
2GB	SR60
5GB	SR100
Unlimited	SR350

Source: mobily.com.sa

Table B.10 – Elife postpaid plans

Price	Download Speed	Upload Speed
299 SAR / Month	25 Mbps	5 Mbps
399 SAR / Month	50 Mbps	10 Mbps
499 SAR / Month	100 Mbps	15 Mbps
799 SAR / Month	200 Mbps	25 Mbps

Source: mobily.com.sa

Table B.11 – Elife prepaid plans

25 Mbps	299 SAR / Month	825 SAR/3months	1490 SAR/6months	2650 SAR / Year
50 Mbps	399 SAR / Month	1100 SAR/3months	1990 SAR/6months	3550 SAR / Year
100 Mbps	499 SAR / Month	1380 SAR/3months	2485 SAR/6months	4440 SAR / Year
200 Mbps	799 SAR / Month	2200 SAR/3months	3980 SAR/6months	7100 SAR / Year

Source: mobily.com.sa

APPENDIX C - ZAIN

Table C.1 – Internet subscription for prepaid mobile plans

Plan	Price (SAR)	Validity	Activation Code To Be Sent To 959
250 MB	30	One Month	M250
500 MB	45		M500
1 GB	69		M1
3 GB	100		M3
6 GB	200		M6

Source: <https://www.sa.zain.com/autoforms/portal/site/personal/prepaid/copy-of-kareeb>

Table C.2 – Plans and prices for 4G limited monthly subscriptions

Monthly Plans	Monthly Packages Prices
Delight*	SAR 20
1 GB	SAR 40
3GB	SAR 75
5GB	SAR 100
7GB	SAR 140
UL	SAR 350

*Pay As You Go plan preloaded with 400 MB, 6H/MB

Source: https://www.sa.zain.com/autoforms/portal/site/personal/broadband/plans/4g_offer

Table C.3 – Plans and prices for 4G unlimited

Plan	3 Months	6 Months	12 Months
Unlimited + 4G Router	SAR 649	SAR 849	SAR 1,199
Unlimited + 4G MiFi	SAR 549	SAR 749	SAR 1,099

Source:

https://www.sa.zain.com/autoforms/portal/site/personal/broadband/plans/4g_offer

Table C.4 – Renewal prices for 4G plans

Plan	3 Months	6 Months	12 Months
Unlimited	SAR 299	SAR 549	SAR 1,049
5 GB	SAR 149	SAR 249	SAR 449

Source:

https://www.sa.zain.com/autoforms/portal/site/personal/broadband/plans/4g_offer

Table C.5 – 4G light plans for smartphones (prepaid)

Plan	Price (SAR)	Validity	Activation Code To Be Sent To 959
500 MB	10	One Day	UD
50 MB	15	One Month	M50
100 MB	20		M100
250 MB	30		M250
500 MB	45		M500

Source:

https://www.sa.zain.com/autoforms/portal/site/personal/broadband/plans/speedsmartphone_1

Table C.6 – 4G basic plans for smartphones (prepaid)

Plan	Price (SAR)	Validity	Activation Code To Be Sent To 959
1 GB	69	One Month	M1
3 GB	100		M3
6 GB	200		M6
40 GB	300		M40

Source:

https://www.sa.zain.com/autoforms/portal/site/personal/broadband/plans/speedsmartphone_1

Table C.7 – 4G unlimited plan for smartphones (prepaid)

Plan	Price (SAR)	Activation Code To Be Sent To 959
Monthly	500	TUM

Source:

https://www.sa.zain.com/autoforms/portal/site/personal/broadband/plans/speedsmartphone_1

Table C.8 – 4G pay as you go plans for smartphones (postpaid)

Plan	Price (SR)	Activation Code To Be Sent To 700212
1 Day (20 MB)	4	D
Pay As you Go Plus (15 Halalas/MB)	10 (30 Days)	PPP

Source:

https://www.sa.zain.com/autoforms/portal/site/personal/broadband/plans/speedsmartphone_1

Table C.9 – 4G light plans for smartphones (postpaid)

Plan	Price (SR)	Activation Code To Be Send To 700212
50 MB	15	50
150 MB	30	150
300 MB	50	300
1 GB	70	500

Source:

https://www.sa.zain.com/autoforms/portal/site/personal/broadband/plans/speedsmartphone_1

Table C.10 – 4G basic plans for smartphones (postpaid)

Plan	Price (SR)	Activation Code To Be Send To 700212
2GB	100	1
5GB	200	5
97GB	350	U

Source:

https://www.sa.zain.com/autoforms/portal/site/personal/broadband/plans/speedsmartphone_1

APPENDIX D - GO

Table D.1 – igo value plans and price

Package Type	igo 5 GB
Modem Price	Free
Validity	1 Month
Service Charge	SR 99

Source: <http://go.com.sa/atheeb-cms/index.php?page=Igo>

Table D.2 – igo value renewal price

Duration	1 Months	3 Months	6 Months	12 Months
Price	99 SAR	270 SAR	480 SAR	860 SAR

Source: <http://go.com.sa/atheeb-cms/index.php?page=Igo>

Table D.3 – igo MAX price

Package Type	Unlimited
Validity	1 Month
Price	SR 300

Source: <http://go.com.sa/atheeb-cms/index.php?page=Igo>

Table D.4 – igo MAX renewal price

Package Type	Unlimited
Validity	1 Month
Price	SR 180

Source: <http://go.com.sa/atheeb-cms/index.php?page=Igo>

Table D.5 – igo INFINITY price

Package Type	igo 25 GB
Modem Price	Free
Validity	3 Years Automatically Renewed
Service Charge	SR 200

Source: <http://go.com.sa/atheeb-cms/index.php?page=Igo>

Table D.6 – igo INFINITY renewal price

Additional Quota	25 GB
Price	SR 100

Source: <http://go.com.sa/atheeb-cms/index.php?page=Igo>

Table D.7 – Maxnet periods and prices

Period	1 Month	3 Months	6 Months	12 Months
Price	150 SR	499 SR	949 SR	1799 SR

Source: <http://go.com.sa/atheeb-cms/index.php?page=Maxnet>

Table D.8 – 4G (home broadband) post-paid plans

Package	Speed	Monthly Fee
 GO LIGHT	up to 512 Kbps	SR 149
 GO EXTRA	up to 1 Mbps	SR 175
 GO PRO	up to 2 Mbps	SR 199
 GO PRO+	up to 3 Mbps	SR 225

Source: http://go.com.sa/atheeb-cms/index.php?page=post_paid

APPENDIX E – QUESTIONNAIRE (ENGLISH)

Thank you for participating in this survey. This survey is for anyone who is 18 years or above and living in Saudi Arabia.

This survey is designed to explore the Saudi consumers' view of online shopping. Please choose your answers carefully to help us to achieve the research objectives.

The survey is divided into several pages so please click on "next" button after finishing each page and click on submit button in the last page to send the answers.

The average time for this survey to finish is 4:30 minutes.

Thanks again

Section one: General information

1. Gender

Male

Female

2. Level of education

High school

Undergraduate

Postgraduate

Other

3. Age group

18-25

26-33

34-41

42-49

50 or above

4. Region

Central Region

Eastern Region

Western Region

Northern Region

Southern Region

5. Your internet service provider (you can choose more than one answer)

Saudi Telecom Company (STC)

Mobily

Zain

GO

Other

Section two: Online purchasing

1. Have you ever purchased products/services online?

Yes

No

Section three: Previous experience

1. Which websites have you purchased from? (You can choose more than one answer)

souq.com

amazon.com

sukar.com

ebay.com

namshi.com

alibaba.com

aliexpress.com

markavip.com

extrastores.com

saudiairlines.com

booking.com

Other (please specify)

--

2. What type of products/services did you purchase? (You can choose more than one answer)

Airline tickets

Hotels booking

Electronic devices

Clothes

Entertainment

Toys

Books

Health and beauty

Household products

Computer software

Education services

Jewellery

Sport products

Auto parts/accessories

Other

3. What are your preferred payment methods? (You can choose more than one answer)

Credit cards

Prepaid credit cards

Cashu.com

Paypal.com
Onecard.com
Payfort.com
Cash-On-Delivery
Other

4. What are your preferred shipping companies? (You can choose more than one answer)

DHL
Aramex
FedEx
UPS
Zajil
Saudi Post (Wasel)
Other
No preferred company

Section 4: Future

1. Do you plan to purchase products/services online in future?

Yes
No
I don't know

Section 5: Enablers and inhibitors of online shopping

Please choose the enablers and inhibitors of online shopping based on your personal situation

1. Which of the following are enablers of online shopping compared to traditional shopping for you? (You can choose more than one answer)

Competitive prices

Wide variety of products/services

Ease of comparison between sellers

Fun

Comfort

Buy products which are not available in the local market

Save time

Avoid sales pressure

Save transportation cost

Availability of information about products/services online

Other (please specify)

--

2. Which of the following are inhibitors of online shopping for you? (You can choose more than one answer)

Lack of security and privacy in online shopping and payments

The nature of products (eg. clothes sizes and perfumes smells)

Absence of sales people to respond to your questions

The difference between the product appearance in pictures and in reality

Shipping cost

Late arrival of the products

Fraud and fake websites

No experience in online shopping

No credit card available

Bad internet connection

Other (please specify)

--

3. How important are the following factors to make a purchasing decision from a specific website?

	Very important	Important	Not important	Not important at all
Website reputation				
Diversity of payments methods				
Secure payments				
Shipping speed				
Shipping cost				
Products/services prices				
The possibility of writing reviews for products				
Previous personal experience with the website				
Family and friends experience with the website				
Website design				
Availability of Arabic language				
The country where in the website is based				
Customer service				
Return and exchange policy				

Section six: E-Commerce

1. Which of the following factors affect e-commerce?

	Strongly agree	Agree	Disagree	Strongly disagree
The level of anti-cybercrime in the country				
The service level of internet service providers				
Procedures for issuing credit cards				
The support of large businesses to online shopping				
The increase in using tablets and smartphones				
The number of internet users in Saudi Arabia				
The average income for individuals				

APPENDIX F – QUESTIONNAIRE (ARABIC)

شكرا لتفضلك بالمشاركة في هذا الاستبيان. هذا الاستبيان مخصص للمقيمين في المملكة العربية السعودية ممن هم بعمر الثامنة عشر أو أعلى.

صمم هذا الاستبيان للتعرف على وجهة نظر المستهلك السعودي حول التسوق عبر الإنترنت. الرجاء مساعدتنا باختيار الإجابة الدقيقة لتحقيق أهداف البحث العلمي.

الاستبيان مقسم في عدة صفحات فيرجى الضغط على زر "التالي" بعد الإنتهاء من كل صفحة، والضغط على زر "تم" في الصفحة الأخيرة من الاستبيان وذلك لارسال إجاباتك.

متوسط الوقت للإجابة على الاستبيان هو 4:30 دقائق.

شكرا لك مرة أخرى

القسم الأول: معلومات عامة

1. الجنس

ذكر

أنثى

2. المستوى التعليمي

الثانوية العامة

جامعي

دراسات عليا

أخرى

3. الفئة العمرية

25-18

33-26

41-34

49-42

50 وأعلى

4. المنطقة

المنطقة الوسطى
المنطقة الشرقية
المنطقة الغربية
المنطقة الشمالية
المنطقة الجنوبية

5. مزود خدمة الإنترنت الخاص بك (يمكن اختيار أي عدد من الخيارات)

الاتصالات السعودية STC

موبايلي

زين

جو GO

أخرى

القسم الثاني: الشراء من الإنترنت

1. هل سبق لك شراء السلع أو الخدمات عبر الإنترنت؟

نعم

لا

القسم الثالث: التجارب السابقة

1. ما هي المواقع التي تعاملت معها؟ (يمكن اختيار أي عدد من الخيارات)

سوق كوم souq.com

امazon.com

سكر sukar.com

ايباي ebay.com

نمشي namshi.com

علي بابا alibaba.com

علي اكسبرس aliexpress.com

ماركة في اي بي markavip.com

اكسترا extrasores.com

saudiairlines.com الخطوط السعودية

booking.com بوكينج

أخرى (يرجى التحديد)



2. ما نوع السلع/الخدمات المشتراة؟ (يمكن اختيار أي عدد من الخيارات)

تذاكر الطيران

حجوزات الفنادق

الأجهزة الإلكترونية

الملابس

الترفيه

ألعاب الأطفال

الكتب

منتجات الصحة والجمال

مستلزمات المنزل

برامج الكمبيوتر

الخدمات التعليمية

المجوهرات

المستلزمات الرياضية

قطع غيار/اكسسوارات السيارات

أخرى

3. ما هي طرق الدفع المفضلة لديك؟ (يمكن اختيار أي عدد من الخيارات)

البطاقات الائتمانية

البطاقات الائتمانية مسبقة الدفع

كاش يو CashU

باي بال PayPal

ون كارد OneCard

بيفورت Payfort

الدفع النقدي عند الاستلام
أخرى

4. ما هي شركات الشحن المفضلة لديك؟ (يمكن اختيار أي عدد من الخيارات)

DHL
ارامكس
فيدكس
UPS
زاجل
البريد السعودي (واصل)
أخرى
لا توجد شركة مفضلة

القسم الرابع: النظرة المستقبلية

1. هل تخطط لشراء السلع/الخدمات عبر الإنترنت مستقبلاً؟

نعم
لا
لا أدري

القسم الخامس: محفزات ومعوقات الشراء عبر الإنترنت

يرجى اختيار محفزات ومعوقات التسوق عبر الإنترنت بما يتوافق مع وضعك الشخصي ورؤيتك الخاصة

1. أي من التالي يعتبر من محفزات التسوق عبر الإنترنت مقارنة بالتسوق التقليدي بالنسبة لك؟ (يمكن اختيار

أي عدد من الخيارات)
الأسعار التنافسية
تنوع المنتجات/الخدمات
سهولة المقارنة بين البائعين
المتعة في التسوق عبر الإنترنت
الراحة

شراء منتجات غير متوفرة في السوق المحلي

توفير الوقت

تجنب ضغوطات البائعين

توفير تكاليف المواصلات

وفرة المعلومات حول المنتجات على الإنترنت

أخرى (يمكنك تحديدها)

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2. أي من التالي يعتبر من معوقات التسوق عبر الإنترنت بالنسبة لك؟ (يمكن اختيار أي عدد من الخيارات)

قلة الأمان والحصومية في عمليات الشراء والدفع الإلكتروني

طبيعة المنتجات (مثل: مقاسات الملابس – روائح العطور – ملمس المنتج)

عدم وجود البائعين للرد على الاستفسارات

اختلاف مظهر المنتج في الصور عنه في الواقع

تكاليف الشحن

تأخر وصول المنتجات

عمليات الاحتيال والمواقع الوهمية

عدم وجود الخبرة في الشراء الإلكتروني

عدم امتلاك بطاقة ائتمانية

سوء اتصال الإنترنت

أخرى (يمكنك تحديدها)

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3. ما مدى أهمية وتأثير العوامل التالية في اتخاذ قرار الشراء من موقع معين؟

غير مهم أبدا	غير مهم	مهم	مهم جدا	
				سمعة الموقع
				تنوع وسائل الدفع
				الأمان في عمليات الدفع
				سرعة الشحن
				تكاليف الشحن
				أسعار المنتجات
				إمكانية تقييم المنتجات
				التجربة الشخصية للشراء من الموقع في وقت سابق
				نصائح وتجارب الأقارب والأصدقاء
				تصميم الموقع وسهولة التصفح
				توفر اللغة العربية
				الدولة التي يعمل بها الموقع
				خدمة العملاء
				سياسة الإرجاع والاستبدال

القسم السادس: التجارة الإلكترونية

1. هل تؤثر العوامل التالية على التجارة الإلكترونية؟

لا أوافق أبدا	لا أوافق	أوافق	أوافق تماما	
				مستوى نظام مكافحة جرائم الإنترنت
				مستوى خدمات مزودي خدمة الإنترنت
				إجراءات الحصول على البطاقات الائتمانية
				مدى اهتمام الشركات والمؤسسات التجارية الكبرى في السعودية بالبيع عبر الإنترنت
				مدى انتشار الهواتف الذكية والأجهزة اللوحية
				عدد مستخدمي الإنترنت في المملكة
				متوسط دخل الفرد السعودي