

A Study on Consumer Perception towards E-Shopping in KSA

Mohammad Zulfeequar Alam¹ & Sheriff A. Elaasi²

¹ Department of Marketing, College of business Administration (CBA), University of Business & Technology (UBT), Kingdom Saudi Arabia

² Head of marketing department, CBA, UBT, Jeddah, KSA

Correspondence: Mohammad Zulfeequar Alam, Department of Marketing, College of business Administration (CBA), University of Business & Technology (UBT), P. O. Box 110200, Jeddah 21361, Kingdom Saudi Arabia. E-mail: zulfeqarm@ubt.edu.sa

Received: April 27, 2016

Accepted: May 12, 2016

Online Published: June 18, 2016

doi:10.5539/ijbm.v11n7p202

URL: <http://dx.doi.org/10.5539/ijbm.v11n7p202>

Abstract

Marketers are facing new challenges of marketing in the new millennium due to the changes in the consumer buying behavior associated with disruptive innovation, virtual communication, purchasing habits and consumption pattern. The rapid rise of online marketing has captured the attention of marketers and consumers nowadays. At present online shopping became the ideal for the people in the world. In Saudi Arabia most of the citizens having the access of internet facility and good purchasing power however still e-shopping are not in trend of Saudi Arabian consumers; around 62% of the population of the country did not even shop online by Al-Salamin (2014). The objectives of the study are to provide an in-depth understanding regarding customer perception on e-shopping, payment method were used; the risk factors involved and the preferable devices were utilized for e-shopping. For the study a survey of 128 respondents of Saudi Arabia were conducted during the period of 3 months from September to November 2015. Data collection was carried out using a structured and close ended questionnaire. The received data were coded and analyzed with suitable statistical tools. It was investigated that the majority of the respondents had involved in e-shopping, 73% of respondents are feeling e-shopping as easy shopping, 44% consumer use credit card as a payment method and 40% of the respondents preferred to buying product/ services through laptop when buying online. The quality of product was reported as a highest worrying factor by the majority of respondents.

Keywords: E-Shopping, consumer perception, online shopping, e marketing, Saudi Arabia

1. Introduction

In the past individuals used to buy their needed product or services from stores and traditional market. It was the only option to fulfill their needs. With the rapid development of the new trend in e-shopping has shown positive results in buying habits to the consumers. However, this seems to be able to access without the physical location is the most useful methods to buy goods and services. With increasing use of internet trend by consumer and their purchasing power they are willing to shop virtually. This is the reason that number of enterprises has developed commercial sites and portals for e-shopping.

As indicated in several research that "Internet technology growth in the Kingdom of Saudi Arabia has enormous prospective as it decreases the price of goods and amenities, and expand the geographical boundaries of market. Technology and the emergence of the Internet, not only allow persons to make purchases virtual, but also it improve the economy and promote worldwide trade" Alden et al. (2006); Al-Somali et al. (2009); Alied F et al. (2009).

Due to high need of shopping retailers wanted to improve the quality of the online shopping experience for customers. However, the level of confidence in making payments online is still not developing fully. In a euro monitor report in 2012 indicated that "with the expansion of the Internet, e-shopping is growing rapidly in the country, and is currently at 60% of the consumer using it, due to reason many online retailers trying to recover the excellence of the virtual marketing involvement for the shopper.

Online business or online shopping has brought big changes in the opportunities and challenges for the business houses. From customers' perspective, the line of demarcation between local and global business firms and/or products has narrowed down where quality, value, time, convenience, style etc. matters a lot. For example,

reduce the buyer's evaluation time for purchase, good decision after evaluation and in order to resolve invoice discrepancies and spend less time and ultimately increase the chances for the purchase of substitute products. In addition, customers can appreciate online shopping 24 hours a day from everywhere. Particularly customers of Saudi Arabia with high disposable incomes are willing to spend on online shopping these days but, the self-confidence of payments through Internet have not been fully developed and its need to adopt market driven strategy to achieve the better performance and value .

1.1 Scope of the Study

The area of this study covers all industries and marketers within the KSA. However the study is specially focused on the retailers who trade their products and services through online or having intention to sell in future.

1.2 Significance of the Research

- This study will be helpful to a number of business groups in KSA.
- Another set of interest group that will be benefited from the findings of this research will be Government, marketer in general and particularly retailers who approach online business in KSA.
- The beneficiaries of this study is the international community particularly in the area of related field of study
- This study will be helpful for researcher for further in depth study.

2. Literature Review

Progress of Internet and e-commerce has border trade shrank, leading the company to create opportunities and accomplish modest consumers, directly across the globe. As per the study by Griffiths et al. (2006) the economy and social science research now focuses specifically on Internet marketing and transnational and intercultural issues on e-shopping.

As per the study of Alsomali et al. (2009) “the growth of Internet technology in the Kingdom of Saudi Arabia has a huge potential because of the less cost of products, services and escalation of environmental boundaries reduces the limitations to meet purchasers and vendors together. Advent of equipment and the Internet not simply permit persons to online shopping, but also to make to develop the economy and to promote global business through worldwide trade, international companies and local alternatives consumption worldwide.

It was also indicated in a report in April 2012 by Master card.com “46% of buyers of Saudi Arabia, that internet access for online shopping are progressively gaining popularity in the Kingdom of Saudi Arabia”. Internet tools leads to on-line activities, the purchase of goods and payment on shopping sites with laptops at any time wherever that showed online shopping growth on a remarkable scale in these days (Shim et al., 2001).

According to a study Saudi Arabia was one of the most important markets in the developing Arab world with respect to the foreign E-retailers, despite the widespread use of Internet in this country, the relatively low rate of 5% the population in 2003 were estimated to be around 1.4 million Internet users, Sandhu (2010); Sait, et al. (2004). Besides it Al-Somali et al. (2009); Eid, M. I. (2011) also reported that “the use of internet encourage the adoption of online banking by customers in Saudi Arabia”. In one study it was noted that, “the Saudi Arabia E-Commerce spending is 12 billion, Saudi Riyal (SR) in 2010; however, only 14.26% of the Saudi population was involved in E-Commerce activities” AlGhamdi et al. (2012).

Changes in lifestyles of consumers and demographics also contribute to changing consumption patterns, satisfaction and loyalty. The large increase in the number of population, improving education, increasing expectations and urbanization of rural areas in the country could play a vital role in the pattern of behavior to current purchase. And it also changed the Saudis customers for grooming, clothing, leisure habits, savings, investment, and communications facilities, transportation, and travel & tourism sectors. Berry et al. (2002), in his study raveled that the side of the interaction of e-commerce applications it is closely linked to customer loyalty. The interest in cultures and confidence in e-commerce is important for the buyer. In this study it highlights the three different aspects depending on their importance can detrainments the use of electronic commerce: complexity, privacy and compatibility were among of them. The complexity (privacy) has proved the most important element in terms of the extension of electronic services easy or difficult to use by the consumer (Kushchu et al., 2004).

On the other hand, compatibility is one of deterrence key factors consumers' use of e-transaction, due to the extent that electronic transactions related to language, culture and values of consumers (Asianzu, 2012). The success of e-shopping factors is based on influencing, satisfaction trust and loyalty as indicated by (Srinivansan, 2002). In one study it was found that a higher proportion of spending in the Internet was music download sites, instead of

traditional sales. And other major categories of computer programs, airline tickets and products / services online games in the virtual world (Wei et al., 2010).

In addition, researcher stressed the importance of issues that touching the achievement of wired shop comprise timely delivery of products. In addition, there was a comprehensive study of the attitudes of online buying habits in currently to recognize aspects that touch purchasing choices toward e- shopping (Zhang et al., 2002). Captivating into reflection those virtual supply qualities and the important in selecting a Website design dramatically affects attitudes and buying behavior in the purchase and repeat purchase decision. Internet use in recently not only restricted to the nets of media, but also extended to be used as a treatment method for consumers in the world market (Childrs et al., 2001; Delafrooz et al., 2010). The researchers discuss in their study and concluded that “security problems in conducting online transactions and the reliability and credibility of online merchants have a direct impact on consumer confidence in making online purchases” (Wei et al., 2010).

Moreover, clients require the elasticity, the broadest variety of goods; they remain capable to take a percentage of info from diverse bases, relate values and do purchase with their own convenience and create greater opportunities for the transformation of the various electronic retailers and suppliers. Therefore, by shopping online customers have access to a wider product range conveniently without limitations (Brynjolfsson et al., 2000). A study done by mastercard.com also supported the above study (Master card.com. 2008). Hereafter, it encounters to retain and attract customers to online retailers. To achieve it is significant for virtual venders to comprehend the features that inspire customers to works virtual which will chief them to whole their automated spending acceptably (Celik, 2011). According to the (Eid & Talal Maghrabi, 2010) the major key success factors for e-shopping were safety threat, and privacy perception or customer satisfaction to motivate shop online. E-commerce customer loyalty in Saudi Arabia is strongly influenced by customer satisfaction but weakly influenced by customer trust (Eid, 2011). According to the press release “Online spending is attractive in KSA-showed by the great level of customer satisfaction among those who have made a purchase online, the major categories of products that were purchased online via mobile phone included airline tickets, phone apps, toys, gifts, clothing, accessories, home appliances and electronic products” (master card.com).

A research report indicated that “Saudi market share in e-commerce is expected to top out at \$13.3 billion by 2015, with 25 percent of that figure coming from Internet users in the country who routinely make online purchases” (PixHeart, 2015). All told, e-commerce in Saudi Arabia is expected to have a valuation worth 8 percent of the country's total retail sector. This is expected to surpass countries such as France, the U.S. and Japan who are already very active when it comes to making online purchases. As per the report by Alzazirah “KSA has the second largest e-commerce market in the GCC with an estimated \$520 million and the sales will reach about SR 50 billion in 2015” (Al Jazirah, 2013). According to the report it was indicated that “Saudi Arabia is the late adopter online shopping compared with industrialized countries” (arabnews.com, 2007).

2.1 Research Gap

Although, many research has been done in the region and as well as worldwide to understand the e-marketing perceptions. But there is still a need to determine and measure the factors of e-shopping that will create the greater values for e-shoppers in fast competitive and dynamic environment of market. To give more value product and services to the consumer it is always recommended that marketer's should have customer driven market strategy. Therefore, the present study is an attempt in this direction. As well as the paper will focus on the perception of customers towards online purchase and its marketing practices.

2.2 Objective of the Study

The major objectives of the present study are to recognize the Saudi consumers' buying perceptions and preferences for shopping in the region. However the specific objectives of the study are as follows:

- i) To understand at which level consumer feel convenience to e-shopping.
- ii) To identify the preferable payment method they prefer to e-shopping.
- iii) To investigate the risk factors involved in e shopping.
- iv) To explore the preferable devices were utilized for e-shopping.
- v) To determine the preferred website for e-shop in the region.
- vi) To explore the types of products they prefer to buy through online.

3. Research Methodology

The main purpose behind this research was to know the respondents' thoughts, preferences and perception of

Saudi customers' towards e shopping. A convenience sample survey has been conducted of 128 respondents through online and offline (in Jeddah City, KSA) during the period of three month from September to November 2015. The close ended questionnaire was used for the purpose. Special care has been taken to reduce the non-response rate and the error arising out of it. After collecting the data it was manually edited, coded and then recorded on excel sheet. For analysis descriptive statistics (frequency distribution) were used and result findings were interpreted.

4. Findings/Discussion

4.1 Demographic Information

Table 1. Demographic information of respondents

Variables		Frequency	Percentage
Gender	Male.	63	49.21%
	Female.	65	50.79%
Age	Less than 20.	12	9%
	20 - 30	95	74%
	30 – 40.	10	8%
	40 and above.	11	9%
Family Monthly Income	Less than 10,000 S.R.	106	83%
	10,000 – 15,000 S.R.	7	5%
	15,000 – 20,000 S.R.	5	4%
	20,000 – 25,000 S.R.	4	3%
Profession	25,000 and above.	6	5%
	Student.	79	62%
	Privet Sector worker.	21	16%
	Governmental employee.	10	8%
	Unemployed/ house wife.	13	10%
Education level	Business Man/Women.	5	4%
	Less than high school	6	5%
	High School.	22	17%
	Under graduate.	85	67%
Total	Post-graduate and more	15	11%
		128	100

The respondents were classified on the basis demographic factors such as gender, age, monthly income, education and profession. From the above Table 1. We can see that male and female are almost equally representing the sample. About 74% of the respondents were between the age groups of 20-30 years. This age range broadly reflects the profile of the young Saudi population. In the sample 83% of respondents representing their monthly income within the group of less than 10,000/- SR and profession wise majority are students that is 62% of total sample size followed by privately employed 16%, Government employee 8%, 4% businessmen/ businesswomen and unemployed/ housewife were 10%. Majority of the respondents are having under graduate degree i.e. 67% followed by high school 17%, post graduate and more 11% and less than high school representing 5% of the total respondents.

4.2 E-Shopping Motivational Factors

The Figure 1 provides the information regarding the motivational factors that motivate to shop online. It reveal that saving time is the most important reasons for choosing online shopping i.e. (37%) followed by convenience (24/7) 29%, easy to evaluate and compare 27% and 7% affirm other reason of choosing e shop.

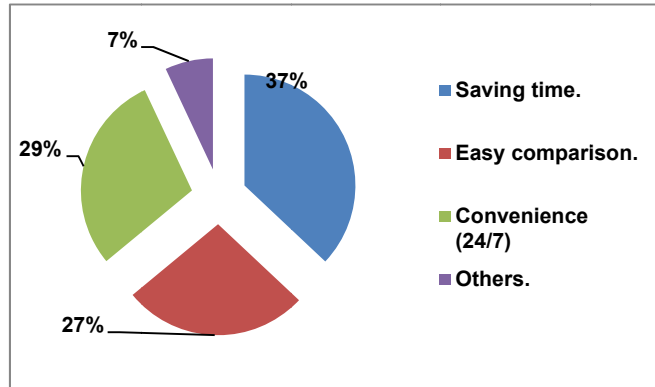


Figure 1. E-Shopping motivational factors of respondents

4.3 Handling/Surfing and Understanding of E-Shop Websites

As indicated in the Figure 2, majority of the respondents (73%) do agree that handling and understanding the e-shop websites are easy, 20% of the respondents feel it neutral and 7 % respondents affirmed that it is not easy to handle and do shop through online. The reason behind it was that many times during shop they session expired, server slow and faced problem in payment.

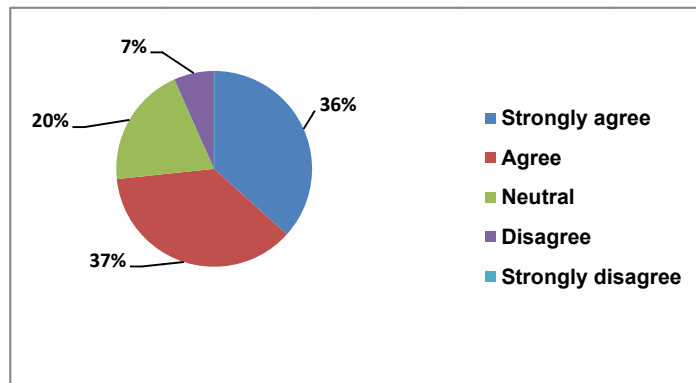


Figure 2. Handling and understanding of e-shop websites

4.4 Mode of Transaction

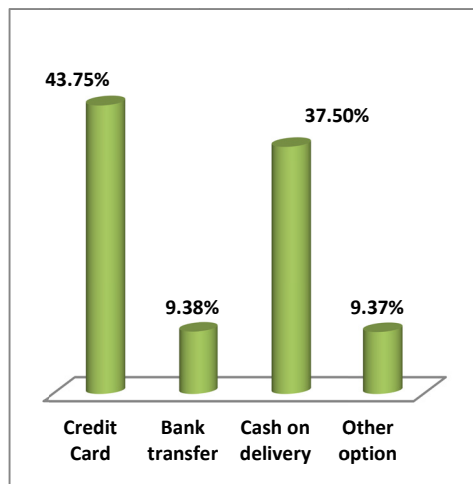


Figure 3. Preferred mode of payment

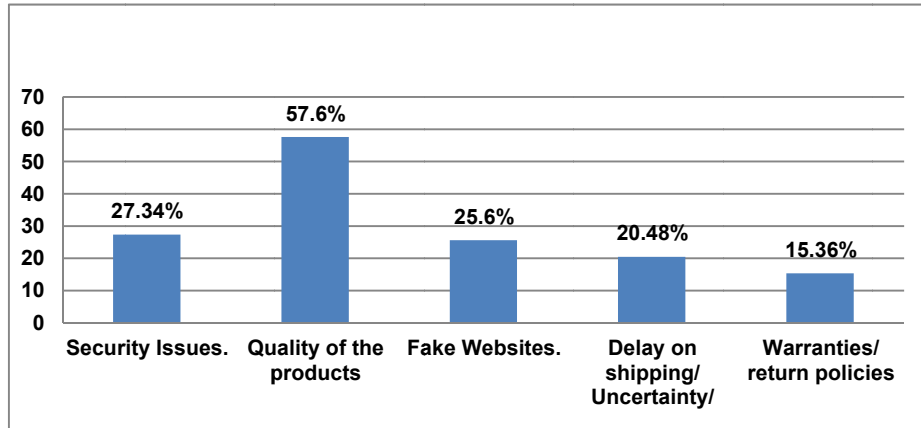


Figure 4. Risk factors associated with e-shopping

When respondents were asked regarding the mode of transaction they chose to pay at the time of e shopping majority affirmed (Figure 3) that they do transaction by credit card that is around 44% of respondents preferred mode, 37.50% of respondents indicated that they prefer to pay cash on delivery facility while bank transfer (9.38 %) and other mode of payment (9.37%) were less preferred mode for e shopping by the respondents.

4.5 Risk factors

On the other hand, when respondents were asked what are the risks you feel when you do shop through online? The answer were in this order; the quality of products were the most important factor followed by security issues, fake websites, delay on shipping/ uncertainty of delivery and warrantees/ return policy respectively 57.6%, 27.34%, 25.6%, 20.48% and 15.36% (see the figure.4).

4.6 Devices Used for E-Shopping

From the figure 5, reveal that most preferred device for e-shopping are laptop/ tablet which is 40% of respondents sample after that smart phone (35%) were second preferable device for e-shop and desktop (25%) were less preferred device to shop online by the respondents in the region.

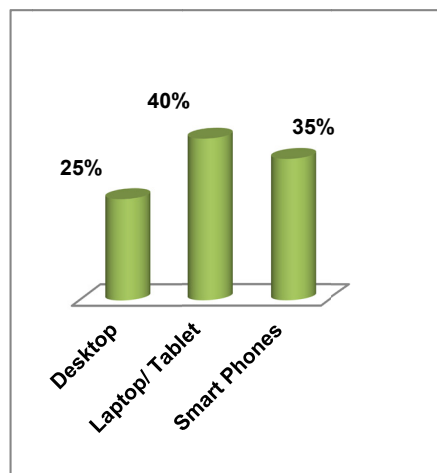


Figure 5. Preference of device for e-shopping

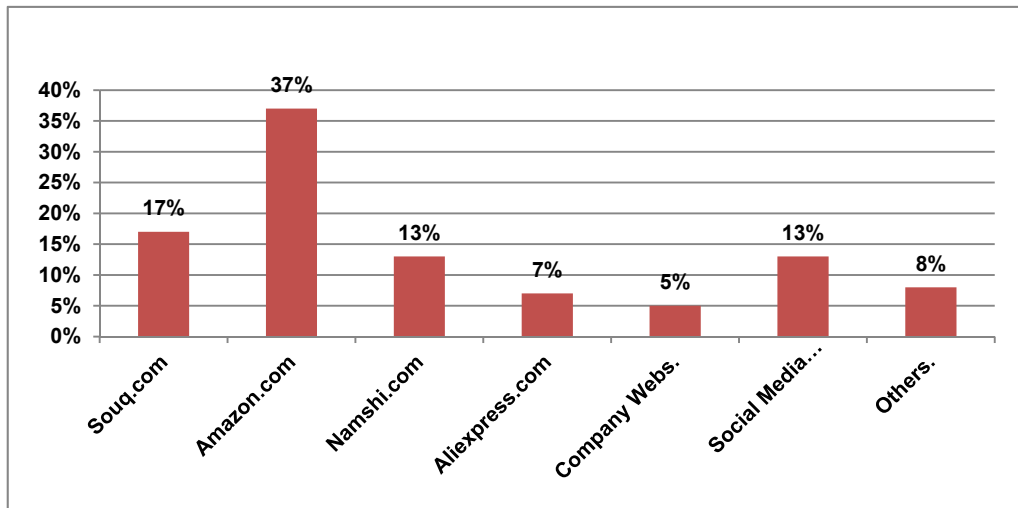


Figure 6. Preferred e-shopping websites by consumers

4.7 E-Shopping Websites

When the respondents were asked to give their opinion on preferable e-shop website for online shopping the result indicated that amazon.com is highest preferable websites for e-shopping i.e. 37% of total respondents of the sample opinion. After that souq.com (17%) has second preferable choice for it. Namshi.com (13%) and shopping through social media (13%) were third preferred place to e-shopping. Aliexpress.com, other websites and company own websites respectively were 8%, 7% and 5% respondent choice for online shop (See the figure 6).

4.8 Product Preferences

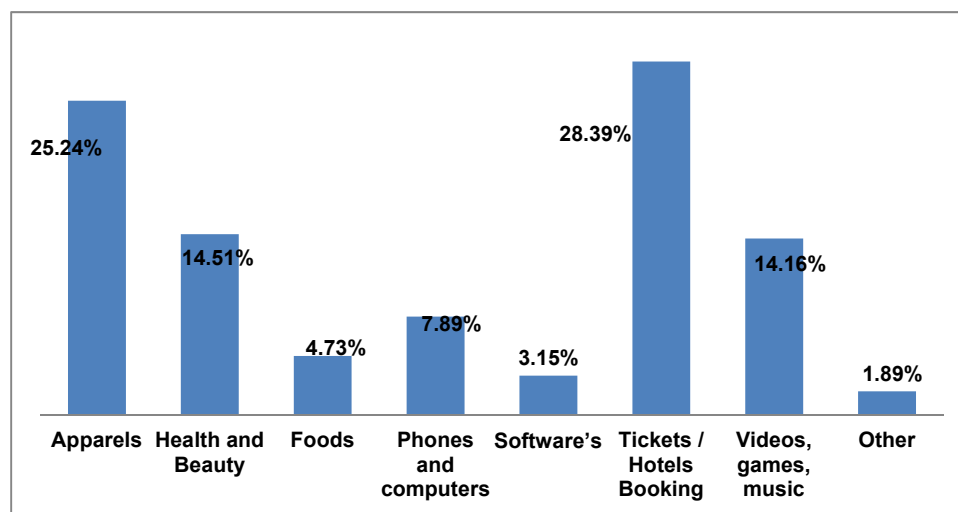


Figure 7. Product buying preferences through e-shopping

From the Figure 7, it can be observed that tickets and hotel booking (28.39%) were the most preferred buying after that apparel (25.24%) has second choice through online shopping. After that the choices of products they prefer to buy online were health and beauty (14.51%), videos, games and music (14.16%), phones and computers (7.89%), foods (4.73%), software's (3.15%) and other item (1.89%) respectively.

5. Conclusion

With high rapid growth of online shopping or e-shopping at present many retailers selling products or services through online which is the important channel to expand their market locally and globally. The study reveals that

saving time is the most important motivational factor to buy online, second important factor is convenient (24/7days available) and comparing and evaluating the product are one of the important factor that make them to buy product online. Majority of respondents feel that online shopping is easy shopping than traditional one. It is obvious that online shopping consumes less time as compared to traditional shopping stores because it does not need more time to shop as well as taking less effort to evaluation of alternative products or services. The survey reveals that credit card has the strong image for online shopping followed by cash on delivery, bank transfer and other tools of transaction. Respondents feel that quality of product is the most risky factor followed security issues, fake websites, delay on shipping/ uncertainty in delivery and return policies / warranties associated with e-shopping as a risky factors when they shop online.

Laptop/ tablet has the most preferable devices to e-shopping after it smart phone has the second choice to shop online in the region. When the respondents were asked to give their opinion on preferable e-shop website for online shopping, result indicates that amazon.com having the highest preferable place for e-shopping that is an international online marketer followed by souq.com, namshi.com, shopping through social media were preferred place to shop online. Tickets and hotel bookings services have the most preferred buying through online after that apparel, health & beauty, videos, games & music, phones & computers, foods, software's etc respectively.

Finally, the researcher hopes the results and outcomes of this study might be significant helpful to e-retailers, online consumers and other researcher of this field. May e-retailers should be benefited greatly by understanding the most important factors of online purchasing behavior of consumers. And it will also be helpful to develop strategies to serve customer as per their buying needs. After knowing the important and preferable factors the e marketer can modify and adopt the way which may be helpful to serve better to the customer and to be a successful marketer in this area. However, e-retailers should keep in mind that consumer behavior might change in time to time especially in online market so the e-retailer should investigate the consumer behavior always and adapt the products and services to serve them as per the customer current requirements. Last but not least, this study is useful for the academicians where current study could serve as a reference and may provide some guides for the future researchers who would like to study about the same topic.

6. Limitation of the Research

Although good effort has been made to put up for the study however the following factors have been unavoidable absent as a result of their critical limiting factors for this study:

- Scarcity of time and cost
- This study could not cover all products and services of online shopping as only few products or services have been selected.
- The sample size was limited due to time and cost concerned.

References

- Alden, D. L., Jan-Benedict E. M., & Rajeev, B. (2006). Consumer attitudes toward marketing globalization: antecedent, consequent and structural factors. *International of Research in Marketing*, 23(3), 227-239. <http://dx.doi.org/10.1016/j.ijresmar.2006.01.010>
- Aleid, F., Rogerson, S. and Fairweather, B., (2010). Factors Affecting Consumers Adoption of Ecommerce in Saudi Arabia from a Consumers' Perspective. *IADIS International Conference e-Commerce*, 11-18. <http://dx.doi.org/10.1109/icams.2010.5552944>
- AlGhamdi, R., Drew, S. and Al-Ghaith, W. (2011). Factors Influencing E-Commerce Adoption by Retailers in Saudi Arabia: A Qualitative Analysis. *The Electronic Journal of Information Systems in Developing Countries*, 47(7), 1-23.
- Al-Salamin (2014). *Attitude of Saudi Consumers Towards Online Shopping with Special Reference to Al-Hassa Region (KSA)*. Retrieved from <http://westeastinstitute.com/journals/wp-content/uploads/2015/03/Hussain-A.-Al-Salamin-JWEIBE1.pdf>
- Al-Somali, S. A., Gholami, R., & Clegg, B. (2009). An Investigation into the Acceptance of Online Banking in Saudi Arabia. *Technovation*, 29, 130-141. <http://dx.doi.org/10.1016/j.technovation.2008.07.004>
- Asianzu, E., & Maiga, G. (2012). *A Consumer Based Model for Adoption of E-Tax Services in Uganda*. IIMC International Information Management Corporation. Copyright © 2012. Retrieved from <http://www.IST-Africa.org/Conference2012>
- Berry, L. L., Seiders, K., & Grewal, D. (2002). Understanding service convenience. *Journal of Marketing*,

- 66(July), 1-17. <http://dx.doi.org/10.1509/jmkg.66.3.1.18505>
- Brynjolfsson, & Smith. (2000). Brynjolfsson, E., M.D. Smith, 2000. Frictionless Commerce? A Comparison Of Internet and Conventional Retailers. *Management Science*, 46(4), 563-85. <http://dx.doi.org/10.1287/mnsc.46.4.563.12061>
- Celik, H. (2011). Influence of social norms, perceived playfulness and online shopping anxiety on customers' adoption of online retail shopping. *International Journal of Retail & Distribution Management*, 39(6), 390-413. <http://dx.doi.org/10.1108/09590551111137967>
- Delafröoz, N., Paim, L. H., & Khatibi. (2010). A Understanding consumers' internet purchase intention in Malaysia. *African Journal of Business Management*, 5(3), 2837-2846.
- Eid, M. (2010). Determinants of E-Commerce Customer Satisfaction, Trust, and Loyalty in Saudi Arabia Page 78. *Int. Journal of Business Science and Applied Management*, 5(1).
- Eid, M. (2011). Determinants of E-Commerce Customer Satisfaction, Trust, and Loyalty in Saudi Arabia. *Journal of Electronic Commerce Research*, 12(1). Retrieved from http://www.jecr.org/sites/default/files/12_1_p05.pdf
- Griffith, D. A., Matthew, B. M., & Michael, G. H. (2006). An investigation of National Culture's Influence on Relationship and Knowledge Resources in Interorganizational Relationships between Japan and the United States. *Journal of International Marketing*, 14(3), 1-32. <http://dx.doi.org/10.1509/jimk.14.3.1>
- Kushchu, & Kuscu. (2004). The Kushchu, I., & Kuscu, M., (2004). *From E-Government to M-Government: Facing the Inevitable. Mobile Government, in the proceeding of European Conference on E-Government (ECEG 2003)*. Retrieved from unpan1.un.org/intradoc/groups/public/documents/apcity/unpan045367.pdf
- Sait, S. M., Al-Tawil, K. M., & Hussain, S. A. (2004). E-commerce in Saudi Arabia: Adoption and Perspectives. *Australasian Journal of Information Systems*, 12(1), 54-74. <http://dx.doi.org/10.3127/ajis.v12i1.105>
- Sandhu, K. S. (2010). Factors influencing the adoption and usage of on line services in Saudi Arabia. *The Electronic Journal on Information Systems in Developing Countries*, 40(1), 1-32.
- Shim, S. E., Mary Ann, L., Sherry, L., & Warrington, P. (2001). An online pre purchase intentions models: The role of Intention to search. *Journal of Retailing*, 77, 397-341.
- Srinivansan, A., & Pannavolu, K. (2002). Customer Loyalty in E-commerce: An Exploration of its Antecedents and Consequences. *Journal of Retailing*, 78(1), 41-50. [http://dx.doi.org/10.1016/s0022-4359\(01\)00065-3](http://dx.doi.org/10.1016/s0022-4359(01)00065-3)
- Childers, T. L., Carr, C. L., Pecj, J., & Carson, S. (2001). Hedonic and utilitarian motivation for online retail shopping behavior. *Journal of Retailing*, 77, 511-535. [http://dx.doi.org/10.1016/s0022-4359\(01\)00056-2](http://dx.doi.org/10.1016/s0022-4359(01)00056-2)
- Talal, M. (2010). Driving online shopping: Spending and behavioral differences among women in Saudi Arabia. *Int. Journal of Business Science and Applied Management*, 5(1). Retrived from http://www.business-and-management.org/library/.../5_1--30-47-Al-maghrabi,Dennis.pdf
- Wei, L. H., Osman, M. A., Zakaria, N., & Bo, T. (2010). Adoption of E-Commerce Online Shopping in Malaysia. *7th International Conference on e-Business Engineering*, 140-143. <http://dx.doi.org/10.1109/icebe.2010.39>

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/3.0/>).