

Factors Influencing Saudi Arabian Women's Shopping Behavior in Online Purchase Activities

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Abstract

The paper presented a study on factors influencing shopping behavior amongst women consumers in the Kingdom of Saudi Arabia towards online purchase. This study is conducted to gain a comprehensive knowledge and understanding on the possible factors behind virtual business transaction. It involves 34 Saudi Arabian women representing diverse background ranging from 18 to 35 years old. The interview survey consists of open-ended questions and analyzed through theme analysis procedure. The study yields interesting findings with both trust (45%) and risk (40%) found to be the key indicating factors that affect consumers' consumption decision making. Finally, several implications and recommendations for future research related to online purchase are subsequently discussed.

Keywords: online purchase, online shopping, consumer behavior, Saudi Arabia, women, risk, trust and experience.

1. Introduction

The world of business experiences a great transformation in various aspects such as sites and location, types of items and services, the nature and activities as well as its mechanisms. For a few decades, brick and mortar store used to be the most popular

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channel to retailing. However, the trend has been challenged by the popularity of online stores allowing shoppers to shop from the comfort of their homes. This scenario proves distance is no longer an issue for people to buy and bargain on items or services they wanted.

Admittedly, the rise and expansion of the new technology and internet exert a positive impact on economy by promoting globalization through the rapid growth of international trade, global corporations and non-local consumption alternatives (Alden, Jan-Benedict and Raieev, 2006). The fact that, the advance of internet technology introduces shopping websites and online business to people contributes to the increase of this non-face-to-face transaction day by day.

Shem, Mary Ann, Sherry and Warrington (2001) highlighted that more than 20% of the Internet users buy products and services online. In developed countries such as US, the annual growth of Internet shopping has increased by 45.9%. Countries in the Middle East and the Gulf States have also shown remarkable increase in online purchase. For example, the revenue generated from online transactions in Saudi Arabia from 2002 to 2005 was increased by 100% from only \$278 million to \$556 million.

Additionally, Communication and Information Technology Commission(CITC) in 2011 asserted that ICT indicators in the Kingdom of Saudi Arabia consists of Internet users have grown from around 1 million users in 2001 to an estimated 12.5 million at the end of the first half of 2011. This has shown an increased penetration to 44% of the population by the given time. However, regardless the rapid penetration of the Internet users in Saudi Arabia as the world's largest oil producer as according to Central Intelligence Agency (CIA). 2011, its e-commerce is still underdeveloped. As the largest and fastest growing ICT marketplace in the Arab region (ALGhamdi,Drew and Alkhalaf,2011; AlHuudhaif and Alkubeyyer,2011; ALGhamgi, Drew and AlFaraj,2011) , the online purchase activities in Saudi Arabia bnvcare not progressing at the same speed (AlGhamdi et al.,2011; Alhudhaif et al.2011; Al-Otaibi and Al-Zhrani,2003

Albader,2003; Aladwani,2003; AlGhamdi et al, 2011), although the activities involving online shopping have already commenced.

Therefore, this paper attempts to identify and unearth possible factors that can influence Saudi Arabian women's shopping behavior towards online purchase activities.

1.1. Communication Technology and Online Shopping

The issue of trade boundaries and limitations related to distance can no longer be the challenge in today's business and economy as a whole. Business world offers new paradigm through its modern technology and tools helps promoting globalization through the rapid growth of international trade, global corporations and non-local consumption alternatives (Alden et al., 2006). In fact, the mechanisms and approaches to business are more convenient and cheaper with the aid of internet and electronic-commerce or e-commerce.

E-commerce or online shopping is the terms used to describe the activity of selling, buying and paying via shopping websites. The activity is facilitated by the use of technology and gadgets such as personal computers, I-pad, and even a smart phone with internet embedded .With online shopping consumers have the possibility to purchase almost everything from clothes to cars and computers and in fact to choose on services they want to use or subscribe. Besides that, factors such as falling broadband investment costs and the savings that can be made by shopping online, makes conventional business transaction or face-to-face trading unpopular and decreased.

The scale and growth of internet shopping is impressive. More than 20% of internet users worldwide buy products and services online. In the US, more than 50% of internet users regularly buy online products. It has been revealed that with the 45.9% annual growth rate of internet purchasing recorded in the 2001, US online purchasing rose from \$48.3 billion in 2001 to \$108 billion in 2003 (Shim et al., 2006). and to 211.4 billion by year end in 2006 (AlGhamdi, 2008). In UK alone, records show that over 20

million UK adults shopped online in 2005, with 56% of internet shoppers spending over £500 (RM 2,785.75) each during the year Mosaad (2009).

Similar to the online shopping figures explained earlier for developed countries, countries in the Middle East and the Gulf States have also seen tremendous increase in online purchases. In the Middle East alone, the number of internet users in 2005 rose to 19.5 million The Office of Fair Trading (OFT) (2007).

According to Al Riyadh (2006), the revenue generated from online transactions for Saudi Arabia increased by 100% from \$278 million in 2002 to \$556 million in 2005. In spite of this, there is not enough evidence available about the increase in the number of users purchasing online.

The overwhelming increase in online purchasing is an example of the result from the introduction of social media. Social media is becoming more important nowadays as many people are connected to each other via this media. In 2009, more than 175 million active users were reported registered in Facebook, not including internet surfers on other social media. This figure includes not only teenagers and members of Generation X, but also those from the age range 35-44 years old Al-Maghrabi, (2010). This astonishing fact has not only validated the idea that "the age of privacy is over" as said by the Facebook founder, Mark Zuckerberg, but it has also created a new landscape for marketers to reach their potential consumers. Though online shopping activity is executed actively by consumers in countries such as Korea and China, consumers from Hong Kong, Thailand and Japan do not have intentions to make online purchases in the near future. However, online Saudis were reported to use social media only to help them make buying decisions Kaplan , (2010).

1.2. Online Purchase in Saudi Arabia

Between the year 2001 and 2009 the number of internet users in Saudi Arabia Saudi increased more than ten times from the expected projected figures, reaching an

impressive 9.8 million users at the end of 2009. CITC.(2011) reported that, the average annual growth rate for internet users during this same period was 33% per annum. Unfortunately, Saudi consumers have shown sluggish adoption of online purchasing. In fact, only around 10% of Saudi Arabia's big organizations have some form of e-commerce as one of the ways of achieving their business.

For the majority of smaller Saudi organizations and businesses, e-commerce is not very popular even not a necessity. Although some of them do provide online transactions, the majority of businesses and companies in Saudi Arabia apply 'cash on delivery' as their main method of payment. The percentage of organizations which offer online purchases is only about 6%, and this too is most probably for products like software, spare parts and travel tickets(CITC, 2011). The reason for such a low figure is not because the organizations are incapable of moving towards e-commerce, but mainly due to the fear that their consumers may not easily adopt this new technology as a means of transaction. The researcher concluded this could be traced back to attitude and culture of some Saudi consumers including resistant to change.

1.3. Factors that Influence Consumers to Purchase Online

Previous studies have pointed out various reasons related to online purchase activities. However, for the purpose of this study, the researcher summarizes on factors that were empirically found to be significantly associated with online shopping behaviour. (Rahim, 2008; McKnight, 2002;Chang,2005). classified the antecedent factors of online shopping behaviour into three main categories including perceived characteristics of the web as a sales channel, online consumer characteristics, and vendor and product characteristics.

Gefen, (2003). also indicates that perceived usefulness reinforces an online shopper's intention to continue using a Web site, such that when a person accepts a new information system, one may be more than willing to alter practices and expand time

and effort to use it. However, consumers may continue using an online shopping service if they consider it useful even if they are dissatisfied with its prior use (Bhattacharjee, 2001).

Another important factor is the nature and content of the website. Site quality and good interface design enhance the formation of consumer trust McKnight, (2002), and if a consumer perceives a vendor's Web site to be of high quality, he or she will trust that vendor's competence, integrity, and benevolence McKnight, (2002). Building trust with consumers is also another essential mission for retailers in the online shopping area, because purchasing decisions represent trust-related behaviors. A person's beliefs about what others think about the behavior also should directly influence subjective norms. Therefore, if e-shopping is a socially desirable behavior, a person is more likely to do online shopping George, (2002)

2. Research Methodology

Although the increasing number of internet users is reported in Saudi Arabia, the number of consumers purchasing online is still at the minimal level. Therefore, this paper reported on the different variables that might have become the factor for Saudi women consumers performing their online purchase. In a written online interview survey conducted among Saudi women, an open-ended question was asked about what are the reasons that make them choose not to purchase online. Various answers were gathered from 34 participants of the interview survey. The findings were discovered using a step-by-step analysis called theme analysis. The process begins with the researcher distributing written interview question and collecting responses from the participants. The researcher then read, scanned and skimmed the answers in order to identify the factors and issues addressed in the research questions. Finally, the researcher classified each response into different themes. The data was then tabulated in percentage for discussion.

3. Data Analysis

There are 34 responses received but one respondent might give more than one answer reflecting on their opinions, experiences and preferences. Figure 1 presents on the factors and its percentages.

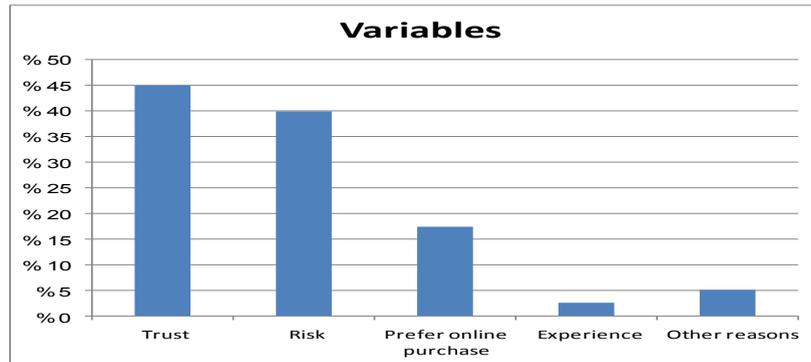


Fig. 1. Factors influencing Saudi Women's Shopping Behavior towards Online Purchase Activities

Based on Figure 1, trust and risk are the two main factors chosen by the respondents with 45% and 40% respectively. From these proportions, the researcher concluded that most respondents had their own personal issues pertaining to online purchase. Consequently, these issues either directed them to or avoid them from purchasing online. Following that was the 17.5% respondents who perceived the needs to purchase online. The smallest fraction response based on their experience which was 2.5%. The remaining 5% responded that there were other reasons for them not to purchase online.

3.1 Trust

Trust represents the feeling apprehension and lack of confident in getting involved with the non-face-to-face transaction. The respondents might feel afraid of being cheated throughout the process. For instance, the image displayed online might not be the same as the real item. In other words, what they receive might not be the

same as what they have seen from the photos online. Furthermore, the buyers were not permitted to view and touch the item before making the purchase. This indicates that trust is an important factor that influences customer participation in web-based commerce as stated by (Koufaris, 2002; Ha, 2004 Salo, 2007). Trust is also a factor that increases the frequency level of online shopping activity Haque, (2006). From this finding, the researcher learns that trust is a factor that leads to higher intention to purchase online.

3.2 *Risk*

Risk factor can be best described as the feeling of insecure when dealing with online purchase. Online buyers or consumers are exposed with online risk such as hacker mischiefs.

Moreover, when buyers make payment using credit cards, they are exposing their confidential and important information which could also be manipulated by those hackers who steal others' credit cards information for their own use. This finding has given a stronger view to those specified by Mosaad, (2009). who suggested that majority of his respondents felt that internet shopping is risky due to the same reason. In fact, (Nenonen, 2006; Rahim, 2008) highlighted, amongst the identified perceived risks including financial, product performance, social, psychological and time convenience loss.

Delivery service is mentioned to be at risk as well. The time taken for delivery may take quite some time or even longer time therefore anything might happen in the middle of the process. Buyers may lose the item. Online vendors might not be responsible for the loss and this leaves the buyers to bear all the consequences.

Besides that, product risk has also been identified as a major aspect of online purchasing as described by (Forsythe, 2006; Liu, 2010) Perceived risk is also a significant effect that influences the initial willingness of consumers to shop online.

This finding of perceived risk indicates that when the perceived risk is greater, the relationship between intention and online purchasing will be weakened.

3.3 *Experience*

Past experience which is negative in nature can lead the respondents i.e. consumers not to get involved with this kind of transaction anymore. This study reported only 2.5%, stated that they do not prefer online purchase due to several experience. Some of them asserted that they have had bad experience in online purchase, thus decided not to continue with that. However, there were also a group of respondents who shared their experience in terms of usefulness in conducting online purchase. Some of them, on the other hand, confessed that they had never heard about online shopping previously.

3.4 *Other reasons*

Due to its nature, online consumers will not be able to touch and feel the items they want to purchase. Reference Liao, (2001), asserted that shoppers are usually the 'touch-and-feel' type. This could be one of the reasons that hinder them from purchasing online as they prefer to see it real in front of their eyes. Other than the above reasons, respondents also agreed that they did not prefer online purchase due to the limited items they can get. Besides that, items available might not be the same as their preferences in terms of size and colour.. They prefer to hold and compare goods before they make the decision to buy. An addition, other respondents also said that they do not have a credit card to make online purchase.

Some respondents justified that in terms of usefulness, online shopping did not provide them the ease due to the lack of experience and knowledge. Thus, they failed to feel the enjoyment of online shopping. They also stated that if it was easier and cheaper from the traditional channel, they might consider purchasing online. Perceived

usefulness, the ease of use and enjoyment, according to Al-Maghrabi (2010), have positive influence both direct and indirectly on consumer in e-shopping intention. Therefore, the hypothesis that there are positive relationships of the ease of use, enjoyment and usefulness with e-shopping intention is supported.

4. Conclusion

This paper reported on identifiable factors interviewed amongst Saudi women consumers towards performing their online purchase activities. The study found that trust and risk are the two main factors chosen by the respondents with 45% and 40% respectively. From these proportions, the researchers concluded that most respondents had their own personal issues pertaining to online purchase. Consequently, these issues either directed them to or avoid them from purchasing online. This indicates that trust and risk are important factors that influence customer participation in web-based commerce. In addition, trust and risk are also existing factors that increase the frequency level of online shopping activity. From these findings, the researchers further concluded that these factors will generally lead to higher intention to purchase online in Saudi Arabia. Amidst several methodological limitations, it is recommended that future quantitative research be carried out in an attempt to validate the qualitative findings in this study.

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