

Customers' Acceptance of Online Shopping In Saudi Arabia

*Sulaiman A. Al-Hudhaif, Ph.D.
Saleh Saad Alqahtani, Ph.D.
College of Business Administration
King Saud University*

Introduction:

Good news for e- businesses is that online retail sales are predictable to produce from US\$-91 billion in 2010 to US\$-165 billion in 2015, according to a study released by Jupiter Research. The challenge for online merchants comes from the fact that after this year, the bulk of that growth will come from existing buyers rather new shoppers. And that means your customers are becoming more mature and more demanding when it comes to what they expect from online storefronts. "Retailers can expect to be dealing with an increasingly experienced population of online shoppers," said Jupiter Research Analyst, Patti Freeman Evans (Evans, Johnson & Katz, 2013). "The online retail environment is maturing, and online buyers have become savvier about finding free shipping and deeper discounts," said Freeman Evans, author of "U.S. Online Retail Forecast, 2010 to 2015." By 2015, 89 % of connected online users will use the Internet to shop compared to 71% in 2010. However, the research states that online retailers will find it difficult to find new non-buyers to convert. Online retailers will rely more heavily on existing online shoppers to spend more than they have in previous years. That, of course, suggests that e-commerce operations with inefficient order processing and customer satisfaction could be in for some tough times. (Muse & David, 2010)

The purpose of this study is to provide further insight into the online shopping in Saudi Arabia and factors affecting customers' acceptance of the online shopping experience and concept.

Literature Review:

Attitude toward the internet tends to improve as users become more experienced with both computers and the internet. As technology advancement stimulates the increasing adoption and utilization of computers and the internet, the number of internet users is growing and many people are also spending more time on the internet. Computer hardware and software prices have dropped as technology improves, and competition among internet service providers has also pushed down the cost of internet access. These factors have made internet access available to a wider range of economic classes. Furthermore, higher network speeds allow for faster connections and relieve the frustration of waiting for web pages to download. Forrester Research estimated that more than 50 percent of US households that have access to the internet now use broadband connections. Additionally, cellular phone technology now allows consumers to access to the internet even while away from their computers.

Studies on computer proficiency and internet usage in non-US countries (Loch et al, 2009) reveal that computer proficiency has increased not only in the USA but also in countries throughout the world. As a result of the increasingly widespread availability of computer technology computer proficiency is now emphasized at all levels of education in many countries. It is now obvious that the internet has become a global phenomenon, serving many functions and most especially that of creating a readily available international marketplace.

While general access to and proficiency in the usage of the internet have improved, consumers' attitudes differ greatly due to varying levels of individual skill, prior experience, risk-tolerance levels, shopping orientations, and demographics (Durndell and Haag, 2007; Liaw, 2006). For example, Durndell and Haag (2007) found that attitude toward the internet was positively related to computer self-efficacy and negatively to computer anxiety. Liaw (2006) observed that positive attitude toward the internet was associated with greater levels of prior experience with the internet. Attitude toward the internet was also found to be more positive among male students than female students (Durndell and Haag, 2007; Liaw, 2006).

Previous studies also support that attitude toward the internet influences one's use of the internet for a variety of reasons such as gathering information, communicating with others, and online shopping (Goldsmith and Goldsmith, 2009). For example, in a study of American college students, Goldsmith and Goldsmith observed that online apparel buying was motivated by positive attitude toward the internet. In this study, attitude toward the internet incorporated an element of entertainment in addition to such dimensions as security, ease of use, and usefulness. However, most studies of attitude toward the internet have focused on the utilitarian aspect of internet (Davis et al., 2010; Liaw, 2006). Utilizing the Technology Acceptance Model to establish the definition for attitude toward the internet, these studies suggest that attitude, thus defined, is comprised of perceived ease of use and perceived usefulness and that it determines an individual's behavioral intention to use internet technologies (Liaw, 2006).

Although currently no empirical studies exist that investigate the impact of attitude toward the internet on one's perception of a particular retail web site, one study (Kim et al., 2005) has supported the relationship between attitude toward online shopping and a shopper's perception of a retail web site. Kim et al., (2003) found that more positive perceptions of online shopping lead to more favorable perceptions of the quality of a retail web site. While attitude toward online shopping measures one's attitude toward only one dimension of the internet, it may well serve as a good indicator of the person's attitude toward the internet. Zenithal et al. (2008) argue that a person's propensity to embrace new technologies for accomplishing goals may be significantly related to the person's perception of web site quality.

A growing body of academic research is focused on examining the determinants of computer technology acceptance and its utilization (e.g., Davis, 2010; Davis, ET al.2010); Mathieson, 2011; Taylor & Todd, 2011). Among the different models that have been proposed, the Technology Acceptance Model (TAM) (Davis, 2010; Davis et al., 2010), adapted from the Theory of Reasoned Action (TRA) (Ajzen & Fishbein, 2009), appears to be the most widely accepted among information systems

researchers. The main reason for its popularity is perhaps its parsimony, as well as its wealth of recent empirical support. While the TRA is a general theory of human behavior, the TAM is specific to IS usage. The TAM posits that a user's adoption of a new information system is determined by that user's intention to use the system, which in turn is determined by the user's beliefs about the system. The TAM further suggests that two beliefs – perceived usefulness and perceived ease of use – are instrumental in explaining the variance in users' intentions. Perceived usefulness is defined as the extent to which a person believes that using a particular system will enhance his or her job performance, while perceived ease of use is defined as the extent to which a person believes that using a particular system will be free of effort. Among these beliefs, perceived ease of use is hypothesized as a predictor of perceived usefulness.

A wave of studies (Aladwani and Palvia, 2009; Lee and Kozar, 2009; Lin and Lu, 2010; Liu and Arnett, 2010; Kim and Stoel, 2007; Kim et al., 2005; Zhang and von Dran, 2011) has been published that focuses on determining quality dimensions of a web site. Uniformly these studies support that web site quality is a multi-dimensional concept although prominent dimensions constituting web site quality vary by the nature of the site as well as by the product. Kim and Stoel (2005) argue that important dimensions of web site quality for soft goods such as apparel may be different from those for hard goods such as electronics, equipment and furniture. Because the ability to see, feel, and try on the actual product is important to the apparel shopper, apparel is considered a high-touch product and accordingly the associated web sites face challenges that may not exist for those selling standardized products such as books, airline tickets, and computer software. In response to such obstacles, many apparel retailers such as Lands' End, H&M, Adidas, Speedo, and L.L. Bean are now using web technology to simulate in-store product experiences either by providing a 3Dvirtual model to showcase clothing on a customized model or by allowing customers to view garments from various angles
And to zoom into see details more clearly,

Kim and Stoel (2007), using Loiacono's WebQuale scale, examined the dimensionality of web site quality specifically for apparel retailers and identified the following six dimensions: web appearance, entertainment, informational fit-to-task, transaction capability, response time, and trust. Kim and Stoel (2007) asked respondents to rate the online apparel retailer they visited most frequently on various aspects of web site quality. Web appearance, a factor that emerged as most dominant, accounting for 42 percent of the variance, combined three of the 12 dimensions of web site quality originally proposed by Loiacono (2012) and addressed both the visual quality of a web site as well as intuitive and easy navigation. The entertainment dimension, a second web site-quality factor found in Kim and Stoel's (2007) study, addressed a web site's capability to provide an emotionally satisfying shopping and social experience as well as to be seen as innovative and interesting. The informational fit-to-task factor pertained to the quality of the information provided at the site, particularly in the context of supporting a customer's task. The transaction quality factor represented how well a web site supports its business function. The response time factor related to how quickly the web site loaded. The final factor, trust, measured a shopper's confidence in the web site's capability to process secure transactions and protect customer privacy (Kim and Stoel, 2007).

Studies have shown that those who have a more favorable perception of a web site are more likely to have a satisfying experience and ultimately more likely to shop at the site (Kim et al., 2005; Kim and

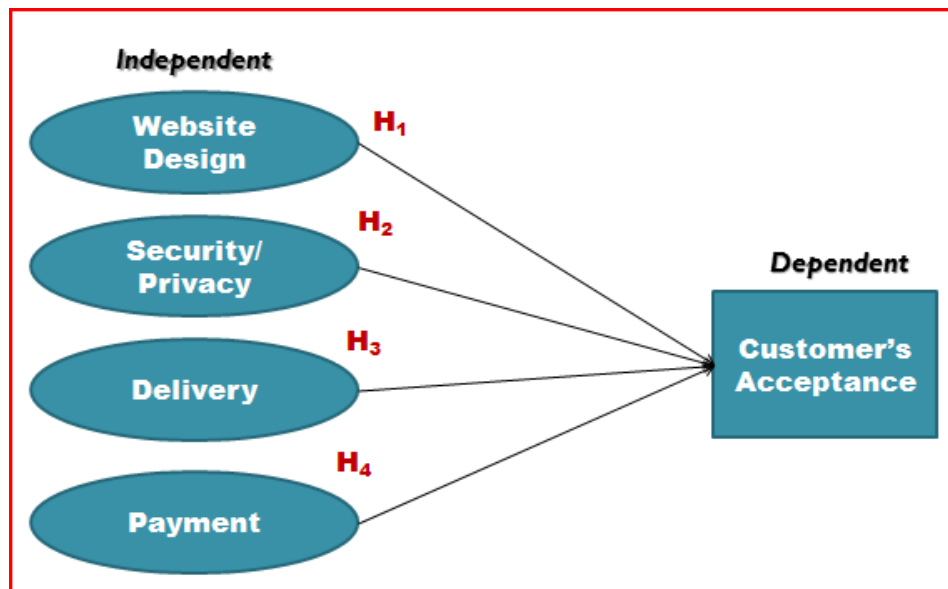
Stoel, 2007; Loiacono, 2012). For example, using five dimensions of web site quality (connectivity, information quality, interactivity, playfulness, and learning), examined how web site quality affected a shopper's behavioral intention to shop at and recommend the site. They observed that the impacts of specific web site quality dimensions on behavioral intention varied by products. For products/services with attributes that potential buyers can determine prior to purchase (e.g. books, clothing, and gifts), all five dimensions of web site quality to be significant in predicting a customer's behavioral intention, However, for goods or services with attributes that cannot be known until purchase (e.g. travel and hotels), playfulness and learning were not related to behavioral intention. In Kim and Stoel's (2007) study of apparel retail web sites, only three of the six dimensions of web site quality were significantly related to customer satisfaction. The information quality factor had the strongest impact on customer satisfaction, followed by response time and transaction factors

Theoretical Model:

Several factors may influence customer's acceptance of online shopping experience. Those factors are related to personal or demographic characteristics of the customer, website attributes, or other miscellaneous factors. This study will concentrate on four factors, namely, website design, Security/Privacy, delivery, and payment method.

Figure (1) explains that theoretical model which represents the basis of this study. The model shows the dependent variable "Customer's Acceptance" in relation to the independent variables "website design", "security/Privacy", "delivery", and "payment".

Figure
Model



(1)
Theoretical

Hypotheses Development:

From the above theoretical model, we develop the following list hypotheses about the relation between the independent variables and the dependent variable.

- **H1.** Good website design is *positively* related to the acceptance of online shopping.
- **H2.** The level of security/privacy provided by the website is *positively* related to the acceptance of online shopping.
- **H3.** Providing convenient and fast delivery is *positively* related to the acceptance of online shopping.
- **H4.** Providing convenient payment mechanism is *positively* related to the acceptance of online shopping.

Research Methodology:

Online survey questionnaire was prepared and distributed using e-mail and social media like Twitter® and Facebook. The questionnaire was divided into four parts. The first part is about respondent's profile (age, education, etc.). The second part is about respondent's internet usage statistics. The third part is to collect respondent's opinion about different aspects of online shopping. The last part was designed to test the research hypotheses we developed before. A copy of the questionnaire is available in the Appendix.

To test the research hypotheses, the respondents were asked to evaluate their attitude toward the four constructs based on their last online shopping experience. Every construct was measured using multiple-item, five-point, and Likert scale (ranging from 1-Strongly Disagree to 5-Strongly Agree).

The online survey has collected total of 514 responses. Responses were screened to eliminate invalid ones. The elimination process was done to ensure that all responses were complete, respondent from Saudi Arabia, and respondent had tried online shopping before. Based on that, 247 responses were considered valid and analyzed for this research. Results of the survey are shown in the next section.

Results & Analysis:

Respondent's Profile

This part shows several respondents' profile information including age, gender, education and employment status. Statistics related to each attribute are shown in the following Tables.

Table (1)

Gender

Gender-
maximum
male and

Number of Gender	Frequency	Percent
Female	120	44.5
Male	135	55.5
Total	255	100.0

The Table (1) shows the respondent 55.5% of female 44.5%.

Age- Table (2) shows maximum age 60.3 and minimum 4.9

Table(2)

Age

Age Between	Frequency	Percent
20 - 29	149	60.3
30 - 39	56	22.7
40 - 49	12	4.9
Below 20	30	12.1
Total	247	100.0

Education Level- In table (3) shows maximum respondent by Bachelor holder which is 59.5% While PhD degree holders are the minimum which is .8%

Table(3)

Education Levels

Education Level	Frequency	Percent
High School	44	17.8
Diploma	18	7.3
Bachelors	147	59.5
Master	35	14.2

PHD	2	.8
Other	1	.4
Total	247	100.0

Employment Status-In table (4) provides us information that 45.3% of respondent are unemployed While the minimum respondent are provided by the self-employed peoples which is 6.5%

Table(4)
Employment Status

Employment Status	Frequency	Percent
Government Employee	48	19.4
Private Sector Employee	71	28.7
Self Employed	16	6.5
Unemployed	112	45.3
Total	247	100.0

Internet Usage

This part collects some statistics about respondent's internet usage. The statistics are demonstrated in the following tables.

Access to Internet- In table(5) we have data of the internet users in home offices and other location The maximum 85.8% respondent from home and 3.2% were from others location

Table(5)
Access to Internet

Access internet	Frequency	Percent
Home	212	85.8
Office	27	10.9
Other	8	3.2
Total	247	100.0

Time spend for Internet searching in Table(6) shows us most of the respondents spent 6 to 10 hours per week (the percentage is 38.1% and minimum 6.5%)

Table(6)
Time spend for Internet searching

Time for Internet Use/Per week	Frequency	Percent
06-10	94	38.1
11-15	32	13.0
16-20	40	16.2
Less than one hour	16	6.5
More than 20 hours	64	25.9
Total	247	100.0

How long you have been using Internet in Table (7) provides us information's that most of respondents Are using internet from 6 to 10 years and their percentage is 50.6%

Table(7)
How long you have been using Internet

The use of Internet	Frequency	Percent
01-05	34	13.8
06-10	125	50.6
Less than one Year	1	.4
More than 10	87	35.2
Total	247	100.0

Online Shopping

This part shows respondent's opinion about some aspects related online shopping. The following tables show respondents answers.

Online purchasing-In table (8) shows us the maximum of respondents shopping up to 5 times in last 12 Months and their percentage is 72.1%

Table(8)
Online purchasing

Purchasing Time	Frequency	Percent
0-5	178	72.1

11-20	11	4.5
6-10	41	16.6
More than 20	17	6.9
Total	247	100.0

Online Shopping Facilities for Rattlers- In table (9) show us that 89.9% of the respondents are agree that street retailer should have online shopping facilities

Table(9)
Online Shopping Facilities for Rattlers

Online Shopping Facility	Frequency	Percent
No	25	10.1
Yes	222	89.9
Total	247	100.0

Preference to products-In Table (10) shows that 51% of the respondents prefer to purchase from shops instead of online shopping of a particular product available online as well as in shops

Table(10)
Preference to products

Prefer	Frequency	Percent
Internet	120	48.6
Shops	127	51.4
Total	247	100.0

Payment method for online shopping-In table(11) most of respondent are in the opinion that they prefer to make payment for online shopping through Credit/Debit Card which in percentage 54.3%

Table(11)
Payment method for online shopping

Payment for Online Shopping	Frequency	Percent
Bank Transfer	47	19.0
Cheque	2	.8
Credit/Debit Card	134	54.3
PayPal & similar	64	25.9
Total	247	100.0

Hypotheses Testing

We developed null hypotheses from the original hypotheses for testing purposes as the following:

- **H1_o**. Good website design *is not* related to the acceptance of online shopping.
- **H2_o**. The level of security/privacy provided by the website *is not* related to the acceptance of online shopping.
- **H3_o**. Providing convenient payment mechanism *is not* related to the acceptance of online shopping.
- **H4_o**. Providing convenient and fast delivery *is not* related to the acceptance of online shopping.

Table (12) summarizes all responses to questionnaire part used to test the hypotheses.

Table(12)
Hypotheses Testing

		1.0-1.79	1.8-2.59	2.6-3.39	3.4-4.19	4.2-5.0	
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean
Website Design	I liked the layout of the website	0	8	37	149	53	4.00
	The website was user friendly and easy to use	0	7	20	127	93	4.24
	I could easily navigate the website	1	4	25	122	95	4.24
	In general, the website design was excellent	0	5	19	155	68	4.16

	Mean =4.1589 (Agree)						
Security/Privacy	I feel comfortable to give my personal information to this website	5	4	61	110	67	3.93
	I feel comfortable to give my credit card information to this website	8	23	64	90	62	3.71
	In general, I feel secure and trust making transaction with this website	6	9	48	114	70	3.94
	Mean=3.8610 (Agree)						
Payment	The website provided several reliable payments options	2	18	33	124	70	3.98
	The payment option I used was convenient	2	9	17	125	94	4.21
	In general, payment options encouraged me to shop online using this website	2	14	28	122	81	4.08
	Mean=4.0904 (Agree)						
Delivery	The website provided different delivery options	7	47	58	94	41	3.47
	Purchased items from this website were delivered on time	3	36	49	100	59	3.71
	Purchased items delivered were exactly	2	10	32	103	100	4.17

	what you ordered from the website						
	In general, I was satisfied with the delivery service provided by this website	1	7	51	133	55	3.95
	Mean=3.8239 (Agree)						
Customers' Acceptance	This website was an excellent choice to purchase my items	1	5	32	133	76	4.13
	In the future, I will purchase more items from this website	3	5	40	124	75	4.06
	I will recommend this website to others	3	4	36	135	69	4.06
	In general, I am satisfied with my recent online shopping experience with this website	3	3	21	142	78	4.17
	Mean=4.1063 (Agree)						

The questionnaire items above were tested to determine their reliability. Reliability is the degree to which an instrument measures the same way each time it is used in under the same conditions with the same subjects. We used Cronbach's Alpha to measure reliability as summarized in this table. The questionnaire has reliability of (0.906) which is considered reliable enough.

Table-13:
Reliability Statistics

Cronbach's Alpha	N of Items

0.906	18
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In table (14) the Correlation Analysis was applied on the responses above to determine either we accept the null hypotheses or the original hypotheses. The results of the correlation analysis are summarized in the table below.

Table(14)
null hypotheses or the original hypotheses

		Website Design	Security/Privacy	Payment	Delivery
Customers' Acceptance	Pearson Correlation	.503	.586	.505	.411
	Sig. (2-tailed)	.000	.000	.000	.000
	N	247	247	247	247

Since the correlation analysis shows significance value of zero; we should reject the null hypotheses and accept the original hypotheses. This concludes that customers' acceptance is positively related to all the four constructs but with different values of correlation (mostly moderate), Security/Privacy construct being the strongest and Delivery being the weakest

Conclusion:

The findings of this study conclude that the most important factor influencing customers' acceptance of online shopping in Saudi Arabia is security and privacy. Businesses willing to provide online stores for their customers are urged to pay high attention to the security and privacy dimension. Also, management has to consider the other factors since they proved to be correlated with the customers' acceptance.

This study has some limitations that need to be addressed in further similar studies. First, the study did not consider the differences between product categories. Different product categories might

lead to different responses (for example, digital media like movies compared to home appliances). Another limitation of this study is the limited factors analyzed in the research. Further studies might consider a holistic approach considering all kinds of factors.

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