E COMMERCE IN SAUDI ARABIA

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Abstract- This research closely examined the impact of Internet on the market of Saudi Arabia and how it affected the consumer relationship building. By developing an understanding about Internet is being used by firms in developing interactive relationship with their customers; therefore, it will help the e-commerce organizations of Saudi Arabia to integrate relationship marketing strategies for enhancing their relationship with their consumers.

Index Terms- Buying Behavior, E Commerce in Saudi Arabia, Importance of E-Commerce, Internet Marketing

I. INTRODUCTION

Electronic commerce involves the purchase and sale of products or services through electronic means. These electronic mediums include Internet and other computer networks. The use of electronic commerce and distant selling has revolutionized the way of shopping, but it offers lesser protection than a retail platform. E-commerce is defined as business activities conducted using electronic data transmission via the Internet and the World Wide Web (Windrum, 2003). E-commerce provides many benefits to both buyers and sellers. Improvement in product quality, the creation of new ways of selling existing products, supply chain improvement, customization of products, and better customer service are other benefits cited in the literature (Wen, 2003). Not only have developed countries taken advantage of these potential benefits, but developing ones have as well (Rosa, 2000). For example, Saudi Arabia has started to provide its citizens with access to the Internet and has started to promote electronic businesses.

This research will help the in various aspects. This research closely examined the impact of Internet on the market of Saudi Arabia and how it affected the consumer relationship building. By developing an understanding about Internet is being used by firms in developing interactive relationship with their customers; therefore, it will help the e-commerce organizations of Saudi Arabia to integrate relationship marketing strategies for enhancing their relationship with their consumers (Al Ghamdi, 2012). In today's technology driven era, organization's success heavily depends on the extent to which they use Internet in their marketing strategy for providing best services that will enhance their relationship with their customers. It is further observed that firms of Saudi Arabia need to strive for completely analyzing their customers as the relationship takes shift form commerce to collaborations (Al Ghamdi, 2012). As Internet is extensively used as a potential tool for building interactive communication, companies have started considering it to be a promising way for relationship marketing.

II. RESEARCH OBJECTIVES

This research study aimed to analyze the impact of E-commerce and Internet-marketing in Saudi Arabia. In the light of this aim, this research study meets the below mentioned objectives.

1) To study the effectiveness and efficiency of E-commerce and the Internet.
2) To determine the importance of E-Commerce in Today's Global World
3) To identify the challenges and impact of E-commerce.
4) To analyze the factors affecting consumers' buying behavior.
5) To investigate customers' relationship with internet marketing and E-commerce in Saudi Arabia.

III. LITERATURE REVIEW

The E-commerce revolution has changed the face of business across the globe, and the same is true for Saudi Arabia. Today, the e-commerce industry in Saudi Arabia has one of the largest per capita e-commerce markets, as well as, one of the largest online advertising markets. The Saudi Arabia has added another dimension to its wealthy status called the internet economy (Baldwin, Lymer, & Johnson, 2001). Seeing this growth, e-commerce of Saudi Arabia has forced numerous companies to adopt different techniques that helped them in penetrating into different markets and lead then towards expansion so that they can sustain in this competitive environment. Internet has also helped these marketers in attracting and retaining their consumers by amending and tailoring their services and products according to the needs and wants of their customers. Now the companies in Saudi Arabia can even restructure their business processes for delivering services and products more effectively and efficiently (Iftekhar & Mohan, 2012). E-commerce has also contributed in changing the balance of power. Internet era has increased the customer power and it was driven by four factors mainly, simpler transaction, customer retention, more options and more information.

According to Hosam, et.al (2012), it was necessary to review the privacy statement of each website before

disclosing any personal information. Some merchants used decisive techniques and data can be shared or sold unless they specify otherwise. Consumers should be sure that they were dealing with a legitimate business before providing any credit card information. It was necessary to find a phone number and email address (Leinbach & Brunn, 2001). The presence of both data increased the possibility that the company was genuine and simplifies the procedure for returning goods. When asked personal information, the customers just need to provide the appropriate details for the transaction. If a question was too invasive, it was best not to respond. If that was kept asking, then the customer should shop on the site of the merchant and purchase from elsewhere.

According to Mustafa (2011), the most prevailing issue in the business of E-commerce was the method of payment. An E-commerce company in Saudi Arabia if try to defraud anyone by making a charge for an amount higher than originally planned or get the recovery process twice. It was possible that some of these illegitimate charges were not processed immediately, but it takes months, or years. More serious still was that anyone with a card number could shop online at the expense of its owner (Iftekhar & Mohan, 2012). Thus, the questions about the security of card payments for Internet purchases have become a relevant question.

A. Benefits of E-commerce

E-commerce has a lot of unique benefits that traditional commerce could not achieve. First of all, e-commerce provides new channels for delivery of products. Traditionally, products can only reach consumer via retailers, store branches (Mustafa, 2011). Now with the new technology of e-commerce, consumers can browse over the Internet and order online. Products can be delivered immediately. Secondly, distribution costs were reduced. Thirdly, customer services were improved. Like distribution costs, service costs were also dramatically lowered with the help of e-commerce (Mustafa, 2011). Merchants and manufacturers were able to provide high-quality services, and even personalized services. For example, many online stores provide consumers with customizable storefronts according to every consumer's wish, which was not possible in traditional commerce.

B. Customer Psychology in Online Sale

There was still a gigantic chunk of the population of Saudi Arabia who believed that online buying was unsafe. These beliefs were based on various facts, personal experiences, and rumors (Foad, et. al, 2014). The inability of customers to feel and touch the objects hampers the buying process. Complex methods of transactions which were based on experiences were impacted by friends and family members. These experiences contribute to the formation of this belief. People feel a sense of reliability to buy from a shop rather than an online platform because the shop gives surety as it has a physical place with known people. The law of Saudi Arabia ensured protection in the online platform, but the problem related to identification of people, who misrepresents and makes fraud, contributed to the risks of e-commerce (Iftekhar & Mohan, 2012). It was evident that laws provide myriad provisions to protect from online buying, but there still number of risks involved which makes physical retails shops as a safe platform.

IV. METHODOLOGY

The methodology used for this research was qualitative and the data collection was done through secondary data. The researcher has analyzed the qualitative part of the study using content analysis. The structure of the research will be based on the qualitative approach in order to collect data related to the topic of the study. The research approach that was used in the following research work will be based on content analysis and on the basis of qualitative research methods. In this study, secondary data was collected; secondary data is old data which already exists. Secondary data was collected through extensive literature search. The researcher has collected the secondary data from online libraries which are SAGE, Emerald, Phoenix and EBSCO Host. Integrating the current research design have provides a logical process and thus, it will lead towards appropriate findings. The usage of qualitative approach will increase the authenticity and reliability of the data mentioned in the study and thus, it will provide a conclusion related to e-commerce in Saudi Arabia.

V. DISCUSSION

E-commerce of Saudi Arabia has found a prominent place in the Internet's day-to-day activities. Currently, many retailers are exploring the potential of the Internet in relation to e-commerce of a wide array of goods and services. Through the adaptation of commercial retail sales on the Internet, consumers and retailers are forced to enter the virtual marketplace to distribute and purchase retail items and services. The virtual marketplace is a distribution channel for a wide variety of retail goods and services (Foad, et. al, 2014).Unlike hands-on shopping in the mall, the consumer of Saudi Arabia has limited ability to survey the product before purchase. Online shoppers may only use the senses of sight and hearing to make product-purchasing decisions (Al-Samoli, Gholami & Cleff, 2015). Understanding the uses, impressions, and restraints from the vantage point of top newspaper articles will allow businesses in Saudi Arabia to understand what types of products and website's virtual shopping designs are fundamentally desired in the e-commerce realm and the type of context the media use, references, and portray apparel e-commerce Web sites (Mustafa, 2011). With globalizations

spreading significantly around the world, the internet use is increasing, and the statistics of its growth are astonishing.

The online payment, which is even categorized as an electronic payment or an Internet payment system refers to the process of electronic payment carried out with the help of an Internet for several products and services that uses the facility of debit and credit cards. When it is compared with traditional payment methods and techniques like pay-by-check, pay-by-phone or wire transfer, online payment is considered a much better option because of saving time, providing cost benefits and other flexibilities for consumers and businesses (Mustafa, 2011). However, the consumers can differ in the way they use the online payments for their transactions. A third party or mediator for a transaction might have a business contract for making easier for the seller and buyer to conduct business transactions between each other. Foad et. al (2014) mentioned six types of online payment systems which includes an opportunity to conduct online payments, that includes PayPal, Billpoint, Propay, CC Now, Bid Pay and Escrow. PayPal and Billpoint have the highest usage for an online payments transactions conducted by the users

Online stores in Saudi Arabia could eliminate the need for expensive storefronts, achieve economic efficiencies by shipping direct from warehouses capable of stocking more variety, expand the reach of retailers by eliminating geographic barriers, and through automated order-processing systems, transact business without time constraints. For Internet consumers, store browsing and buying activities could occur on their schedules rather than those of retailers. The ability of the World Wide Web to offer robust product information, to provide extensive media-rich information, to comparison shop through either searches or comparison-shopping sites, and with low fixed costs made the Internet an ideal platform for commerce (Al Ghamdi, et.al, 2012). Many initial electronic retailers of Saudi Arabia viewed online shopping as an extension of the catalogue retailing channel.

A. Importance of E-Commerce in Today's Global World

E-commerce has revolutionized the globe and the business patterns. With tremendous growth that it has witnessed in Saudi Arabia, now anyone can open up their businesses on an international level at any point in time without any limitations of boundary (Al-Samoli, Gholami & Cleff, 2015). In simpler words, one location can serve the business needs over the entire globe. Since, customers across the globe can access the e-commerce website and order product or service online, chance to improve on profits have accelerated for any organization.

Small medium enterprises n Saudi Arabia have greatly benefited from the boom in e-commerce solutions as with lower overhead costs and increased sales they can generate good profits and not only this. but also expand their client base (Iftekhar & Mohan, 2012). Another important reason why E-commerce in Saudi Arabia was crucial to international business was that an e-commerce website or service can be operated from any location and cater to entire international clientele. Hence, the business owner can operate from his home location and reach the masses across the globe without any hefty investments or need to open up international chain of stores.

B. Challenges of E-commerce

It is because ecommerce is cost effective and efficient. Business in Saudi Arabia today is facing lot of problem in implementation of the ecommerce and this research focused on the country of Saudi Arabia (Al-Samoli, Gholami & Cleff, 2015). The development of Saudi Arabia telecommunication sector has led to realization in the SME owner that ecommerce is better option and it must be implemented if they want to compete with other organizations (Al-Samoli, Gholami & Cleff, 2015). The SME in Saudi Arabia must adopt such models of the e-commerce which are cost effective and easy to adopt.

C. Financial Implications of an E-Commerce Solution

The financial implication of E-Commerce solution is the software, which sets up a merchant account by founding a gateway for payments. The account of merchant will be focused bank account that will allow customers to accept credit cards. The gateway of payments will charge customer credit cards on the website and transfers the funds to merchant account. Every firm's finance plays main role, as it is the main reason of running a business. This gateway will work as a bridge between the Web site of merchant and the financial institutions that process transactions (Frank & Lange, 2006). The process first collect data from the customer then submit it to the authorization way. For the small businesses it will be good start to try from local bank. Most of the banks are now the partners of financial implication of solutions, which can aid the firm in majority of the cases. The firm will consider the issues regarding financial transactions, such as cost, security, taxes and reliability. If the website will become famous among the catering market, the e-commerce system will be required scalable to that growth (Iftekhar & Mohan, 2012). It has been observed that cash payments are low modernized but easier to manage. Funds can be transferred from the consumer's bank account or visa card to the marketer's account. This method is similar to the giving of cheque but much easier to track and secure.

D. Impact of E-Commerce

The impact of e commerce on organizational relationship is not single, but it takes into account many areas. Implementation of e-commerce rejuvenates many organizational operations. For instance, with a better inventory system catered by e-

commerce; the after sales service relationships are improved, the inevitable inventories management reduces the need for inventory management personnel's. The online advertisement is improved through the monitoring of the advertisement leads by the e-commerce software's. E-commerce changes the nature of distribution by optimizing the supply chain relationships. The intricate software monitors the need for receivables and transactions to ensure the effectiveness of the distribution networks (Al-Samoli, Gholami & Cleff, 2015). Ten internet technologies have facilitated advertisement and customer support. The one on one lengthy conversations between the support staff and customers has been replaced by the online feedback forums and blogs which keep the company updated about the engorge service perceptions and needs of customers.

CONCLUSION

E-commerce itself is a broad term that is used to describe the electronic exchange of items or business data between two or more computers of the organization. E-commerce also includes the process of buying and selling the item over the internet, it also includes the smart cards, electronic fund transfer and other relevant methods for conduction of business over digital networks. In other words, electronic commerce referred to the group of global businesses where actual transactions and negotiations of products and services were conducted. The overall process in Saudi Arabia is conducted through electronic rather than physically. Today, e-commerce is known around the world and it is general terms for any kind of business or it may be use for commercial transaction that involves the transferring the information through electronically. This particularly covers a broad range of several types of business from the consumer-oriented retail sites such sponsored search auctions used by business exchanges and Google, Amazon and trading products and services between individuals and corporations.

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