Exploring the Characteristics of the E-commerce Marketplace in Saudi Arabia

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Abstract

Most of the research in the area of consumer e-commerce has centered on factors which attempt to measure shoppers’ motivations to adopt and use Internet shopping. This body of research which emanated from the developed countries is now being conducted in countries with emerging and developing economies. While assumptions are implicit, researchers have tended to ignore the vast differences in market structure between developed economies and emerging or developing, viewing all e-commerce markets as having similar website characteristics and/or the same level of development. For example, in highly developed markets transactional websites tend to dominate the landscape, though there are still many informational websites. The reasons that transactional websites create an advantage over informational sites, while at the same time customers become more accustomed to Internet shopping and completing their purchases in real time, is that transactional site shoppers can have their purchases shipped to home or office. The current study suggests that the development stage of the e-commerce market will directly reflect the amount of adoption and usage by shoppers. To test this proposition several Internet activity indices and reports on were investigated, referenced and cross-checked to ascertain statistical comparisons. World Bank (2013-14) report and other studies indicate wide differences exist between the developed United Kingdom (UK) and developing Kingdom of Saudi Arabia (KSA) e-commerce markets: UK-KSA: 90%-37% e-commerce usage, and 82%-15% e-commerce purchases and show that 59%-14% of SME’s using websites in their businesses. Thus, the adoption and usage of e-commerce is related to the market development by SME’s that in-turn make Internet services available to consumers.

Keywords: E-commerce, Online shopping, Consumer behavior, Saudi Arabia.

Contribution of study

The research demonstrates that in addition to understanding the behavioral motivators that influence consumers to choose e-commerce, like convenience and 24 hour access to markets, that an understanding of the business models is essential for both practitioners and academics. The reason for this is that the adoption of innovation affects firms as well as consumers. Thus, in an emerging or developing market there are certain be lags in the business models available to consumers. It takes time for firms, particularly SME’s, to make the commitment of management, acquire IT skills, set aside resources, and develop business practices to move from basic e-commerce models, like company web pages and product informational sites to more advanced business models that allow these organizations to conduct completed sales transactions and cash management and to participate in affiliate forms of marketing, like interactive supplier connections and e-commerce malls.