Online Buying Behavior in Saudi Arabia and New Zealand:

A Comparative Case Study

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Declaration

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the qualification of any other degree or diploma of a University or other institution of higher learning, except where due acknowledgement is made in the acknowledgements.

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Acknowledgements

Abstract

The internet has become an indispensable part of daily life, and businesses realize that the internet can be another channel for e-commerce that reaches local and global consumers.

This research is an examination of three hypotheses that demonstrate the significance of the user-interface, the online payment system and consumers relationships within their social environments as elements that may impact on an individuals' decision to buy online.

> H1. There is a positive relationship between the quality of online shopping websites and customers' decision to purchase online in Saudi Arabia and New Zealand.

> H2. Relationships and the experience of others is an important factor that has an impact on the customer behavior and decision making to buy online.

> H3. There is a positive relationship between the existence of good online payment systems and the tendency of the consumers to shop online.

This study is an exploration of the factors that influence e-shoppers' purchases using a comparative case study with interviews that explore the post-experience perceptions of a sample set of online shoppers. The researcher takes the view that consumers from different cultures recognize different factors affecting their consumer attitudes. This research is a comparison of online buying behavior in Saudi Arabia and New Zealand. Due to the underdeveloped state of online shopping in Saudi Arabia despite it being one of the wealthiest nations in the world, the research was motivated by a desire to identify the factors that may give rise to this situation.

It was deemed impractical to study all factors, so the researcher focused on factors that affect consumers' attitudes. The selection process was based on the belief that consumers are the most important agents in the e-commerce process. An exploratory, qualitative research method is adopted to gain an in-depth understanding

of the factors that affect consumers' behavior in purchasing online. A semi-structured interview was designed and 12 participants were interviewed (four participant from New Zealand, four participants from Saudi Arabia and the last four are from Saudis living in New Zealand). A content analysis was undertaken with the assistance of the qualitative software NVIVO 9.2 to answer the questions designed for this thesis project.

The key findings of this research are that the elements tested in the hypotheses were not as important to the selected participants (sample selected for the study). The evidence showed that privacy and security issues, late delivery service and credit cards fees were the most important factors for the New Zealand case study, whereas the key factors in the Saudi case study were the failure of the postal system, digital illiteracy (ignorance of this service) and a lack of motivation to purchase online. Future studies using a large quantitative sample are recommended to build on these exploratory findings. It is hoped that this research will provide a guideline to improve the state of online shopping in Saudi Arabia by taking advantage of the information provided by this research.

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Chapter 1: Introduction

1.1 BACKGROUND AND CONTEXT OF RESEARCH

With the new growing economy created by development of the internet, both small and large companies have managed to build businesses online. With the benefits that the establishment of an online presence provides, it became very hard for companies to resist moving to the new format. Companies can update their customers with information about their products, they can be present globally and reach customers across borders, and be available 24 hours a day. Consumers can search for information about products and services, order products, and receive follow-up service. The current study will explore the factors that influence intention, behavior, and decision-making of online shoppers. Attitudes toward online shopping differ across societies, countries and cultures due to the diversity of factors. Owing to the significance and the role that online shopping service plays in bossiness, the researcher will compare factors that influence customers' decision to buy online in both Saudi Arabia and New Zealand.

The researcher chose these countries because of the differences he observed in the state of online shopping in New Zealand and his home country of Saudi Arabia. The researcher expects that different factors will affect consumers' behavior due to different cultural backgrounds, different beliefs, attitudes and values, and consequently different decision-making processes.

In recent years, business research has focused on cross-cultural online marketing (Griffith, Myers, & Harvey, 2006). The internet has changed how businesses work and how customers consume products. An article in the Al Riyadh newspaper, in (Saudi Arabia), notes that in 2005 online transactions had increased about 100% over three years from US$ 278 million to US$ 556 million (Al-Gufaili, 2006). Al-Ghamdi, Drew and Alkhalaf (2011b) emphasize that since the responsibility for e-commerce was transferred to the Saudi Ministry of Communications and Information Technology in 2005, official information about e-commerce is poor. Before that, the e-commerce

affairs had a technical committee within the Saudi Ministry of Commerce, its members being from the Ministries of Commerce, Communication and Information Technology and Finance. Al-Ghamdi et al, (2011b) explain that the function of this committee was to follow the developments in the e-commerce field by looking at international experience, identify the needs and requirements in order to benefit from e-commerce, follow-up to complete the required work, and prepare periodic reports on progress of the work regularly. Research has been conducted to examine the status quo and future development of e-commerce in 42 countries including Saudi Arabia based on the following factors

a) prevalence of internet use including its qualities and costs

b) government methods to develop e-commerce

c) electronic security and legislation

d) business environment (e.g. competition, commercial policies, payment systems)

e) Employee Skills (Al-Badr, 2003).

The results of this research were disappointing because Saudi Arabia is among the lowest seven countries, and it received the lowest evaluation for the first factor related to the internet users (Al-Badr, 2003).

Furthermore, a study conducted by the Saudi Communication and Information Technology Commission in 2007 found that only 43% of the respondents were aware of the term e-commerce, but only 6% purchased or sold online (Al-Gamdi et al., 2012b). Saudi Arabia is not alone among Arab countries in facing many challenges in the use of digital technology. The most important challenge is the "digital divide" which can be defined as "the perceived gap between those who have access to the latest information technologies and those who do not" (Compaine, 2001). There is a big gap in use between Arab and developed countries.

1.2 RESEARCH MOTIVATION AND PURPOSE

E-commerce or online shopping is one aspect that characterize the globalized age that we live in. As we have seen earlier, few studies have looked at the current online

shopping situation in Saudi Arabia. Most studies have focused on retailers, and the reports that focused on customers' behavior were quantitative-based focusing customers' age and gender. This research is an opportunity to address the factors that influence the online customer behavior in Saudi Arabia. A report entitled "E-Commerce in Saudi Arabia: Driving the evolution, adaption and growth of e-commerce in the retail industry" by Sacha Orloff Consulting Group (2012a) suggests that the major challenge beside technology infrastructure is consumer behavior. This quantitative report articulates that there are some factors that may influence customer behavior. First, the decision to buy online in Saudi Arabia is influenced by the perception of website usability that is related to customer's enjoyment. People usually compare Saudi Arabia e-commerce websites to Western websites, so they should be equal in terms of quality and content to enhance customer experiences (Sacha Orloff Consulting Group, 2012a). That is why this research will investigate whether user-interface is one of the variables that Saudi customers (both who live in Saudi Arabia and in New Zealand) consider to be a major factors.

The report shows that the e-shopping experience should be of equal value to other competitors (traditional retailers). Experience has to be flawless in order to retain customers and to incite them to repeat purchasing. Evaluation of how this variable, and others that this research will explore, can affect online behavior will help Saudi online retailers and the E-commerce Committee to develop services in order to meet the needs and requirements of local and global customers. It is hoped that this study will not only be beneficial to Saudi online customers, but also to the other Gulf Arab countries who share similar economic conditions, and technological challenges. Since this study is examining the factors that may influence customer behavior and decisions to buy from e-retailers as well as the status quo of online shopping in both countries, it is hoped that an understanding of these factors will assist in defining their causes and effects in order to suggest recommendations to improve online shopping as a service. The New Zealand case study will be used as a model to compare the state of online purchasing in Saudi Arabia. It is hoped that this study will contribute to formulation of guidelines for implementing better practice in online Business to Customer (B2C)

business activity. The results will be valuable to Saudi customers who are looking for better service, and to businesses that want to invest in Saudi Arabia.

The present research project is expected to provide companies that have online businesses with information regarding the main areas that should be improved, the main barriers that should be solved, and the current state of the online shopping in Saudi Arabia. The research question that this research aims to answer is "What are the factors that influence customer behavior and decision-making to buy online in Saudi Arabia and New Zealand?" Three hypotheses relevant to the following sub-question will be outlined in chapter three.

a) Do the experiences of others/ relationships among customers affect consumer's' decisions to purchase online? If yes, what does this indicate?

b) Does user-interface/ease-of-use affect the decision of the consumer to continue purchasing?

c) How do online payment systems and service times affect consumers' behavior and decision to buy from online retailers?

In order to answer these questions, a qualitative comparative case study will be conducted to compare e-commerce in Saudi Arabia and New Zealand and get an in-depth understanding of what may affect consumer behavior. A semi-structured interview will be conducted face-to-face with twelve participants (four from New Zealand, four from Saudi Arabia, and four from Saudi Arabia living in New Zealand). The sample will be selected in accordance with Egeler (2008) viral methodology. It aims to evaluate their perspectives on the current online shopping situation in both countries to contribute to knowledge about online shopping in both developing and developed countries.

1.3 THESIS STRUCTURE

Providing a clear structure for this thesis will help to make the research procedures more understandable. This chapter outlines the context, perspective and structure of this research. Chapter Two will review relevant material and literature regarding online customer behavior which is expected to provide the theoretical background for the

present thesis. The chapter will also review the variables and factors that are likely to influence the customer behavior like the user-interface, dissemination of information, and customers' needs and expectations.

Chapter Three will then provide a detailed examination of the methodological approach used, will review five case studies, and it will outline how data gathered and how it was analyzed to enrich this research. The chapter will outline the reasons for using a qualitative rather than a quantitative approach. Chapter Four will represent the major findings of this research, and compare factors in both countries to provide a picture of the similarities and differences between the state of online shopping in both Saudi Arabia and New Zealand. Chapter Five will then discuss the results of the research with reference to the literature review to evaluate contribution of this research to previous studies. Chapter Six will summarize the major findings of the research, and identify limitations and implications of the research, and outline how this might contribute to future research studies.

Chapter 2: Literature Review

2.1 INTRODUCTION

This chapter is a result of a wide literature review conducted over the course of the thesis project. The literature review was sourced from diverse models related to general consumer behavior, delivery gaps, service quality, and online consumer behavior. The next section will include and review factors that may affect consumer decision to buy online, in addition to the advantages and disadvantages of online shopping. The status quo of the e-commerce environments in New Zealand and Saudi Arabia will then be presented with examples of popular shopping websites from both countries. After evaluating the theoretical framework of the present study, the researcher will identify issues which have emerged from this review which are expected to be developed or suggested for further research.

2.2 GENERAL CONSUMER BUYING BEHAVIOR

Blackwell, Miniard and Engel (2006) state that consumer behavior is the study of why, how, when and where people do or do not buy a product. Consumer behavior blends sociology, social anthropology, psychology and economics. From the identification of buyer decision making processes, business organizations can design appropriate marketing strategies to stimulate their consumers' needs and gain higher sales. Deaton and Muellbauer (1980) identified characteristics of consumer behavior in their buying decision making. Individual consumers are classified based on demographics and behavioral variables. These demographics and behavioral variables help others to investigate the real needs of consumers and to make suitable price strategies, and product decisions. Business organizations attempt to design suitable promotion strategies to motivate their consumers to purchase. Purchases is not a single stage process but consists of several stages that will be discussed in the following sections

2.2.1 Five – Stage Decision Making Process in Purchase

The process of purchase decision making consist of five stages, namely, need recognition, information search, evaluation of alternatives, purchase and post-purchase evaluation (Kotler & Armstrong, 2010). After consumers' needs are identified, the decision-making process regarding their purchasing is evaluated. The process of searching for information is the stage of the buyer's decision making process in which the consumer is aroused to search for more information. The consumer might simply have heightened attention or might go into an active information search. Consumers adopt different approaches in searching for information needed regarding products and services. Blackwell, Miniard and Engel (2006) categorized dimensions of consumer search by the level of search, direction of search and sequences in the search. The degree of search focuses on examining brands, considering certain attributes, visiting stores, consulting other information sources and other search attempts. The direction of a search may be of examination, stores, attributes and information sources. The sequence of search covers the order of brands searched, the order of stores to visit the order of product attributes and the order of information sources. From these actions a consumer will compare different product brands, prices, stores, qualities and services to select suitable products. After sufficient information is found they will enter the selective stage of buying decision making.

Alternative evaluation is defined as "the process by which a choice alternative is evaluated and selected to meet consumer needs" (Engel et al., 2010, p. 513). Several studies concluded that the basic components of the alternative evaluation process are evaluative criteria and choice alternatives. Consumers would assess the performance of the alternatives, then they apply decision rules to choose the required products and services (Solomon, 1994; Shell, 2009; Schiffman, 1993 & Packard, 1957). Several scholars identified determinants of evaluative criteria such as situational influence, similarity of choice alternatives, motivation, involvement and measurement (Loudon, 1988; Laermer & Simmons, 2007; Kardes et al., 2011). Decision rules are applied to consumer buying decision making. Decision rules represent the strategies consumers

use to make a selection from the choice alternatives. Non-compensatory decision rules are characterized by the fact that a weakness in one attribute cannot be offset by strength in another attribute (Crompton & Ankomah, 1993). Under lexicographic rule brand is compared on the most important attribute. If one of the brands is perceived as superior based on that attribute, it is selected. The compensatory decision rule holds that a perceived weakness of one attribute may be offset or compensated for by a perceived strength of another attribute. The simple additive rule holds that the consumer simply accounts or adds the number of times each alternative is judged favorably in terms of the set of salient evaluative criteria. Other decision making rules are the phased decision making strategy, constructive decision rules and affect referral (Howard & Sheth, 1968; Foxall, 2005; Blackwell et al., 2006).

The purchase decision is the stage of the buyer decision process in which the consumer actually buys the product (Kotler & Armstrong, 2010). Two factors influence the purchase decisions of consumers. These factors can change people's attitude from negative attitudes to positive ones. Unexpected situational factors form a purchase intention based on expected price, expected income and expected product benefits. Unexpected events may change the purchase intention. However, some scholars suggest that preferences and even purchase intention do not always result in actual purchase choice (Blackwell et al., 2006). Consumer resources influence purchase decision making. Motivation and involvement also change a consumer's attitude in product decision making. Business organizations can analyze information regarding consumer characteristics and make matched strategies to strengthen the purchase decisions of consumers. Advertising strategies can change consumer's attitude from a negative situation to a positive situation in different product or service markets (Foxall, 2005; Kardes et al., 2011 & Shell, 2009).

After examining the purchase making decision stage, it is imperative to look at the post-purchase behavior. Post-purchase behavior is the stage of the buyer decision process in which consumers take further action after a purchase based their satisfaction or dissatisfaction (Kotler & Armstrong, 2009). Post-purchase experience decides people's loyalty and repeat purchase behavior. Overleaf, the stages of the decision

making processes regarding any purchase are summarized in the below diagram:
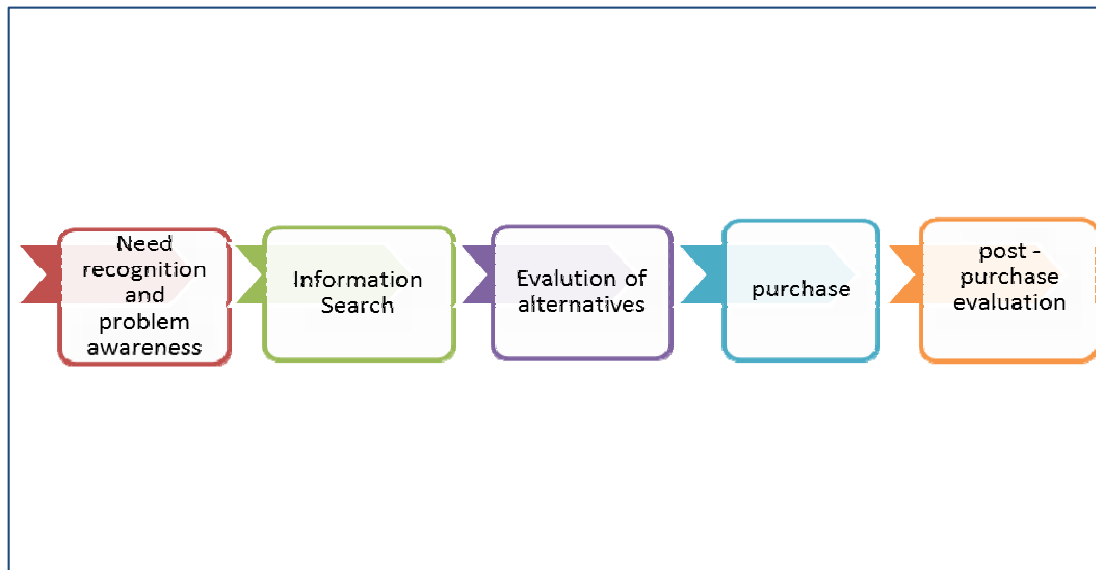
Figure 2.1 *The stages of decision making process regarding any purchase*

Business organizations need to manage the gap between expectation and performance in order to improve customer satisfaction. Parasuraman, Zeithaml, and Berry (1988) developed a conceptual model of service quality commonly known as the service quality gap model. This model is called as ServQual which identified four provider gaps. These customer gaps are related to the gap between what customers perceive they have received and what they expected to receive. Business organizations can use the ServQual model to analyze the sources of service quality problems. It also can help managers to determine their quality and service.

2.2.2 The Delivery Gap

Based on the ServQual model, the four gaps are knowledge gap, standard gap, delivery gap and communication gap. Knowledge gap refers to not knowing what customers expect. Several elements influence the knowledge gap, such as the number of levels of management, the service marketing organization's research orientation and the amount of upward communication from front-line personnel to management (Abdul-Muhmin, 2002; Abdul-Muhmin, 2005). The second gap is the standard gap which refers to not setting the right service quality standards. The standard gap originates from a lack of communication of service standards, a lack of a service culture and the lack of

management commitment to quality (Ajzen, 1985). Managers need to analyze the standards gap and set up strict service standards to serve their customers. From service standards, they can improve their service quality and customer satisfaction. The improvement of customer satisfaction is directly related to service quality.

The delivery gap is not delivering the service standards set by management. The ability and willingness of service employees and intermediaries to deliver quality service can produce delivery gap (Ajzen, 1991; Ajzen & Fishbein, 1980). Lack of control over service outcomes also can lead to a failure of service delivery. Inadequate support can cause a delivery gap, such as technological support. Poor job fit and role ambiguity can also lead to a high delivery gap. Online shopping organizations should also analyze these points to design suitable strategies for strengthening service and reduction of the delivery gap (Albarracin & Wyer, 2000; Anderson & Sullivan, 1993; Gerbing & Anderson, 1993). The last gap is the communication gap which refers to not delivering on promises. Over promising leads to a communication gap which influences customer satisfaction. Some service organizations use over-promising to gain more sales. Inadequate horizontal communications between functional areas within the organization also produce a communication gap.

All types of business organizations should make effective service strategies to reduce these gaps and improve customer satisfaction. Upward information flows can help them to improve customer satisfaction (Gerbing & Anderson, 1988; Bigne & SaNew Zealand, 2005). From effective customer research, business organizations can identify different customer needs. Similarly with online shops, business organizations' effective communication with their customers reduces the knowledge gap.

Appropriate service quality standards can help business organization and online retails business reduce a standard gap. With the development of modern information technology businesses have adopted electronic or virtual online business platforms (Blackwell et al., 2006). These opportunities for purchasing have effective e-pay services, delivery services and customer interaction services (Blackwell et al., 2006). They can use these strategies to shorten the delivery gap. Business organization can also create realistic expectation and promotional planning to ensure that service

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delivery matches service promises. Promotional planning can help them to reduce communication gap. Business organizations can build online communities to strengthen customer communication. From online community programs businesses organization can understand customer needs and provide high quality service to their customers (Baker & Taylor, 1998). Each service organization also needs to develop its own customized approach to identify specific failure points.

2.2.3 Service Quality

Zeithaml, Berry and Parasuraman (1990) developed a scale for the measurement of service quality in five key dimensions (Baron & Kenny, 1986; Bentler & Speckart, 1979). Based on the ServQual model, the five dimensions are identified as tangibles, reliability, responsiveness, assurance and empathy. Tangibles refer to the appearance of physical elements. Businesses should design suitable products with better appearance. Reliability is dependable and accurate performance. Reliability is the core of product and service quality. Reliability can increase customer trust and win high loyalty (Bentler & Speckart; 1979, Bentler & Speckart, 1981). Responsiveness is promptness and helpfulness. A quick response to a customer can help businesses to capture business opportunities and provide high service quality. A quick response ensures respect for customers (Bentler & Speckart, 1979; Bentler & Speckart, 1981). However, the assurance was defined as the knowledge and the ability of the employees to inspire confidence and trust (Jiang, Klein & Carr, C, 2002). However, empathy was defined as "providing caring and individualized attention to customers" (Jiang et al., 2002, p. 146).

GoNew Zealandalez, Hoffman, Ingram and LaForge (2010) analyzed the importance of an effective information system. Business organizations can build effective information system to monitor customer satisfaction. Ongoing research to measure customer satisfaction and perceptions of service quality help to improve service quality management. The service quality information system aims to provide useful data in a timely manner to assist with decision making. Various sources of information can be mined with an online information system such as customer

complaints, after sales surveys, focus group interviews, mystery shopping, staff surveys and total quality surveys. Customer complaints must be analyzed in order to identify gaps in service quality and reasons service failure in service quality and other business organizations (Bosnjak, Galesic & Tuten, 2007). From an analysis of customer complaints, business organizations can have more opportunities to improve their service quality and speed up their service delivery (Churchill & Surprenant, 1982; Conner, Sheeran, Norman & Armitage, 2000).

Businesses should design different strategies to recover customer satisfaction and shorten the gaps between customer expectations and performance (Campbell, 1988). Knowledge, standards, delivery and communications are vital factors which influence customer satisfaction (Deveau, 2012). Various strategies can close the service quality gaps to measure perceived service quality. They can use five key dimensions to measure their service quality such as tangibles, empathy, assurance, responsiveness and reliability as discussed earlier. In the post-purchase stage, business organizations need to identify different customer complaints in order to design different service strategies. GoNew Zealandalez et al., (2010) identified four types of customer complaints which include instrumental complaints, non-instrumental complaints, ostensive complaints and reflective complaints. Instrumental complaints are made with the aim of remedying an unacceptable situation. For example, customers ask for a hotel room to be cleaned properly. Reflexive complaints can be directed at some inner aspect of the complainer (Falk, Sockel & Chen, 2005). "Ostensive complaints are directed at someone or something outside the realm of the complainer" (Hoffman & Bateson, 2010, p. 441). Non-instrumental complaints are made but with no expectation of a remedy. From analysis of these complaints, organizations can make strategies to improve service quality. Gaining a remedy is one of the most important reasons for a customer to complain, in addition to venting and re-establishing a certain level of control over an unsatisfactory situation, eliciting sympathy from others and being seen as discerning about service.

GoNew Zealandalez et al., (2010) identify a number of reasons for customer defection from their service experience. Core service failure leads to customer

defection and customer dissatisfaction. Moreover, inadequate service recovery and pricing can also cause high customer dissatisfaction. Other reasons are dissatisfaction with the response to service failure, inconvenience and attraction by other competitors. Managers of organizations also need to put in place measures to monitor the organization's customer retention efforts in order to recover customer satisfaction (Foxall, 2005).

2.3 CONSUMER BUYING BEHAVIOR ONLINE

Online shopping is the platform upon which customer behavior will be investigated. Online shopping is being where customers can purchase their products and services from a retailer's website, and customers can complete their transactions electronically in real time (Griffith, Kampf & Palmer, 2001). Online shopping consists of the exchange of data to facilitate the financing and payment for different aspects of business transactions in the global market. The medium can be used effectively to facilitate better purchasing experiences or poorly to further aggravate customer perceptions.

Electronic commerce is the process of selling and purchasing services or products via electronic systems such as computer networks the internet. With the development of modern information technology more and more people like to purchase products and service from online shops (George, 2002). The internet and computer networks provide greater business opportunities to different business organizations in the global market. Electronic commerce encourages the use of electronic funds transfer, internet marketing, supply chain management, online transaction processing, automated data collection systems, inventory management systems and electronic data interchanges (Goldsmith, 2001). Electronic commerce is undertaken on the World Wide Web with a wide range of technologies such as mobile devices, e-mail and telephone (Hellier et al., 2003). Buyers can browse items from virtual shops online where the focus of this interaction is on business-to-consumer (B2C) interaction.

In the e-commerce environment, the significance of the rule of law is emphasized by the risks related to online transactions (Shih, Dedrick & Kraemer,

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2005). Customers do not know if they will get the products they pay for, or if credit card details will be collected for other purposes (Shih et al., 2005). Moreover, some online e-retailers do not have physical locations in the case that customers are not satisfied with the product or the products are damaged. Due to different problems of e-commerce, different governments make regulations to ensure the protection of both buyers and retailers. These regulations and activities cover online advertising, commercial e-mails, and consumer privacy (Huang, 2000). The Federal Trade Commission Act regulates online advertising with the truthful and non-deceptive principle.

Currently, online privacy standards have been developed by the Federal Trade Commission (FTC) which relies on the voluntary participation of web proprietors for delivering their information practices in a clear privacy policy and the participation in privacy seal programs (LaRose & Rifon, 2007). However, customers do not seem to understand what seals assure, and do not read the privacy policies (LaRose & Rifon, 2007). Another example is the Australian Treasury Guidelines for electronic commerce (Jayawardhena, 2004). The Australian government also established the Australian Competition and Consumer Commission. It provides suggestions and regulations for online problem resolution (Jayawardhena, 2004).

Nielson (2012b) evaluates the extent of online shopping in several countries. For instance, the United Kingdom is the biggest ecommerce market in the world, where the amount of sales per capita is higher than that of the USA. Its growth reached 10% in 2010. In China the performance of ecommerce grew quickly because of the rapid increase in online users' number to 384 million in 2009. Consequently, its online shopping sales increased to US $36.6 billion. The top e-commerce services are travel, retail and gaming (Jiang & Rosenbloom, 2005).

2.4 E-COMMERCE BUSINESS MODELS

Companies around the world have added the internet to their distribution channels. These companies can analyze their online competitors in order to make effective strategies to improve their competitive advantage. There are several business models.

Despite e-commerce business models having their origins in the traditional world businesses, they have been modified and evolved to fit their new context, the internet ("Ecommerce Business Models for your E-Business", 2013). Several successful web sites do not fall into one model because they use a combination of the e-business models to succeed. This is what is described in Table 2.1(Pearlson, 2010, p.134). Online business can use different models TO their own advantage. It is worth mentioning that some aspects of research are based on B2C model.

Table 2.1: *Business Models (Pearson, 2010)*

Internet business models	Definition and explanation
B2B	Business to Business – targets sales and services primarily to other businesses
B2C	Business to Consumer - targets sales and services primarily to consumers
B2E	Business to Employee - companies that provide services other companies can use to interface with employees (like retirement funds management, health care management and other benefits management)
B2G	Business to Government - companies who sell the bulk of their goods and services to state, local and national governments
C2C	Consumer to Consumer - sites that primarily offer goods and services to assist consumers to interact (auctions are an example)
Hybrid	A combination of B2B and B2C models

It is useful to discuss E-commerce that promotes a new kind of business models. Even though, this research focuses in consumer behavior and factors that influence it, this study will take a look at some examples of e-commerce models in both countries. Business models have been defined and categorized in many different ways (Rappa, 2010). The following table is a summary of the basic categories of business models

with some examples.

Table 2.2 *Web-Based Business Models*

Model	Description
Auctions	Sellers place descriptions of items or services on the auction site and buyers bid for them. Examples are e-Bay and Trade Me.
Reverse auctions	Buyers state what they want to buy and sellers offer items or services to meet the request. An example is Princeline.com
Net markets	Site offers a place for both buyers and sellers to find each other and locate services that either or both may want in conjunction with the sale. An example is Autobytel.com
Portals	Site offers a customized home page for the individual, offering customized information, services and links to other sites customized based on the user's stated preferences. An example is Yahoo!
Bricks and clicks	Hybrid business model combining a website with a traditional physical business model. An example is Toys R Us.
ASP (Application service provider)	Site offers business process functionality to customers, who use this site as their own internal business process. An example is Agillion

2.5 REVIEW OF THE FACTORS THAT AFFECT ONLINE SHOPPING

Online customers may access the internet via their computers in order to complete a transaction and they also need to select different methods of payment in order to complete the transaction (Kotler, 2003). Online customers tend to have higher levels of education and income. An increased exposure to technology can increase the

probability of developing favorable attitudes towards e-shopping channels and new systems. Search engines are used to search alternative vendors (Kulviwat, Guo & Engchanil, 2004). Some online shops allow consumers to sign up for a permanent online account (Kardes et al., 2011) to access online products and services. Identity information needs to be entered once because the consumer receives an e-mail confirmation once the transaction is completed. There are many elements that may affect customers' behavior such as payment systems, products delivery, website-interface and information load. These elements will be reviewed in order to enhance understanding of the factors that might be a part of this study.

2.5.1 Payment Systems

Payment is an important area of the online shop. Some payment systems enable users to create accounts and pay by alternative means. Payment also can be done via mobile phones and landlines. Online customers can use e-Cash to pay for their products and services (Laermer & Simmons, 2007). E-cheque is another means of online payment, and those systems offer great convenience. Direct debit can also be facilitated by online shops under special terms with a bank. There are various types of electronic money such as gift cards, postal money orders and wire transfers (Loudon, 1988).

2.5.2 Service Delivery

"Reliable and timely delivery is one of the fundamental objectives for online shoppers" (Vijayasarathy, 2002). When online customers make orders and they expect quicker delivery at a convenient time. Reliable delivery satisfies online shoppers, and so will retain customers (Vijayasarathy, 2002). Business organizations can use different ways to deliver their products and services, for example, downloading is one method. After online customers pay for their products or services, they can download products and services such as books, music, movies and others software services (Lee & Johnson, 2002). The alternative method is where customers can bypass a retailer's physical location and save space, time and money, called in-store pickup. When customers order their products and services from an online retailer, they can find a local store from the

online retailer with locator software (Vijayasarathy, 2002). They can pick up the product at the closest store. Online businesses can also email where they send admission tickets or a script in order to confirm gift certificates and coupons. Thus tickets, coupons and codes can be verified with assurance that the right of admission is available. The right of admission is redeemed at the pertinent place and time (Peterson, Balasubramanian & Bronnenberg, 1997). Once payments are completed, products can be shipped to the customer's address or a customer-designated third party (Mehrabian & Russel, 1974).

2.5.3 Website - User Interface

The user interface can be seen as an important factor that might affect customers' decision to return to a site. When business organizations design their online shop, they should focus on the presence and ease of use because they determine whether or not websites are user-friendly (Moon & Kim, 2001). Consumers do not like to use complicated sites that they have to work out (Wauters, 2011). Usability testing is one of best methods to evaluate a cognitive walk through. Several studies provide suggestions toward constructing a theoretical model of web interface features. Chen and Wells (1999) pointed out elements which contribute to online shoppers' positive assessments of websites such as entertainment, informativeness, and organization. Moreover, convenience and interactivity are considered as critical for web effectiveness (Hausman & Siekpe, 2009). Al-Ghamdi, Drew and Alfarraj (2011a) assert that the effectiveness of a website indicates that the online retail website is easy to navigate, able to display pictures of products, give full details of products and services they provide. Website efficiency and usability can facilitate the buying process and establish consumer confidence.

Furthermore, information load can influence customers' expectation. Designers of online shops should be concerned with the effect of information load. Companies can provide different information to strengthen customer understanding of online products and services. Information load is a product of the temporal arrangements (Shim et al., 2001). A clear display with full information about products including

prices and photos is an essential (Al-Ghamdi et al., 2011a). Comparative products and services can provide various alternatives and attributes in order to strengthen understanding. The customers themselves can provide information to other customers by providing reviews of the products used.

2.6 ADAVANTAGES AND DISADVATAGES OF E-SHOPPING

Studies show that online shopping has many advantages (Chang, Cheung & Lai, 2005). Local search engines can help consumers to locate their products, compare prices and the offerings of different sellers for a particular service and product. Online shopping helps shoppers reduce shipping costs and reduce the price of online merchandise. Businesses and retailers have the ability to switch suppliers and reduce the costs of transaction using online channels. If online consumers ship small number of items, they need to spend more expensive costs than the larger shipments with bricks-and-mortar retailers order. Online shopping can provide free shipping for small and high value items such as software and other online books.

Some online shops allow customers to rate their items and comment on products and services. Dedicated review sites can host user reviews for different services and products. Online consumers can review and give other customers information about choices (Chen & Macredie, 2005). They can depend on their local retailers to improve their management efficiency, and provide conventional retail service and products. Clerks can answer questions in real-time (Abdul-Muhmin, 2002). Email or phone calls can also help customers to deal with their questions and resolve customer complains. With resolution of consumer problems, they can build better relationships with their customers and thus improve customer satisfaction.

Moreover people can browse different online retail websites 24 hours a day and at their own convenience. This can save them money and also optimize their time, increasing customer satisfaction (Baron & Kenny, 1986). People can also use their computer to search information from different places. Distance is often a barrier for physical shops. However, online customers can purchase products and services from online retailers without any geographical restriction (Bentler & Speckart, 1979).

Internet has made the world one village and one shopping mall in the global market.

Despite the fact that e- commerce can be convenient for customers, this service also has its own disadvantages. One of the drawbacks of online shopping is related to tangibility of products. Online shops provide simple pictures and descriptions of the item. Online consumers do not have prior exposure. On the other hand, online consumers can go to physical stores and view products or gain understanding of services provided (Bhatnagar, Misra & Rao, 2000). Furthermore, many websites track their consumer shopping habits (Biong, 1993), so they can use the information to encode consumer credit cards. For example, online shops can easily fail to secure credit card details (Bosnjak et al., 2007). The pin number of a credit card can easily can be stolen by computer hackers and misused. What is more a lack of full cost disclosure also can influence online consumer decision making which is one of the biggest disadvantages of online shopping. Online shoppers need to consider the total cost of purchase and to look for additional fees (Chang & Chen, 2008). Shipping and finance charges are not always visible until the final step at the checkout process. Cross-border purchases can cause other problems as the cost may not include additional fees and taxes. These fees must be paid upon delivery. Duties and brokerage can be difficult to estimate as additional costs. Online consumers are not always aware of the lack of general full cost disclosure.

Fraud and security concerns are also significant disadvantages. In an online shop there is no possibility of physically inspecting the merchandise when a consumer purchases a product or service. Customers face a higher risk of fraud on the part of the merchant. It is easy for people to use stolen credit cards to purchase product online (Conner et al., 2000). Credit card fraud can reduce confidence of customer in online transactions which affects negatively on the growth of e-commerce. New online payment mechanisms are developed to solve online credit card security problems. "SecureClick" is a solution which depends on transaction numbers known to the authorized customer. On the other hand, merchants face less risk from physical theft.

As a result of the growth of online shopping, consumers are concerned about dealing with online purchase problems and in order to make effective strategies to

overcome them (Campbell, 1988). Quality seals for example, can satisfy the requirements of consumers. Issuing the seal can help online business organizations overcome different problems and win consumers' trust. (Deaton & Muellbauer, 1980; Falk, Sockel & Chen, 2005). Online business organization can use quality seals to ensure correct usage of online retailer service (Foxall, 2005).

Consequently, some online businesses provide information regarding how they process of customers' orders and protect their privacy. The orders are usually listed in the section entitled privacy policy where customers can find out whether the companies will share their customers' information with a third party. Online business organizations should not share private information with others. For example, faulty products, identity theft and the accumulation of spyware can influence a customers' use of the service (Anderson, 2011). Shipping address and credit card information can be identified and misused. Online consumers can purchase products based on regulations of the online shop.

2.7 ONLINE CONSUMER BEHAVIOR IN NEW ZEALAND

As this research is exploring the factors that may influence online customers' behavior and decision making in New Zealand and Saudi Arabia, it is imperative not only to review the conditions surrounding online shopping in both countries but also to give examples of some popular shopping websites. Shergill and Chen (2005) assert that New Zealand is one of the top ten countries where online shopping can be developed. Nielsen online retail report (2012) identifies factors for the increasing popularity of online businesses in New Zealand which are; "Convenience of comparing products and prices, promotional emails from daily deal sites, development in technology, specifically broadband and usage of the internet via mobile phones, increased trust in the security of online transactions and increased opportunity to purchase products outside of the consumer's locality" (Nielson, 2012). Corbitt and Thanasankit (2003) indicate that New Zealanders perceived less risk towards online shopping than before.

As shown in Figure 2.2 the number of New Zealanders who do online shopping reached over 1.6 million, which means about 49 percent of New Zealand's population

aged 18 or more had made transactions online by May 2012. According to Tony Boyte, Associate Director of Research, "There appears to be potential for even more growth with consumers indicating a willingness to purchase online across a much wider range of categories"(National Business Review, 2012). The number of online shoppers who are browsing products and services on the internet is still increasing (Shergill & Chen, 2005).

Shergill and Chen (2005) showed in their research in New Zealand that the least satisfying feature to buying online was website security or privacy. In New Zealand, customers are concerned about financial security and privacy, related to their evaluation of how good the payment systems are and the reputation of the e-retailers (Shergill & Chen, 2005). The top barriers to internet shopping are credit card theft and lack of security (Griffith et al., 2001). Moreover, Shergill and Chen (2005) showed that customers were not happy with the design of websites which came in second place. Slow broadband in New Zealand negatively affected businesses that wish to develop a competitive e-shopping outlet (Kamira, 2009).

New Zealand online companies use interactive communication, customized and personalized services to improve online customer relationships (Kulviwat, Guo & Engchanil, 2004). Business applications, technology and culture have an impact on the success of online consumer behavior. New Zealand online business companies contribute in fostering a customer community (Huang, 2000).
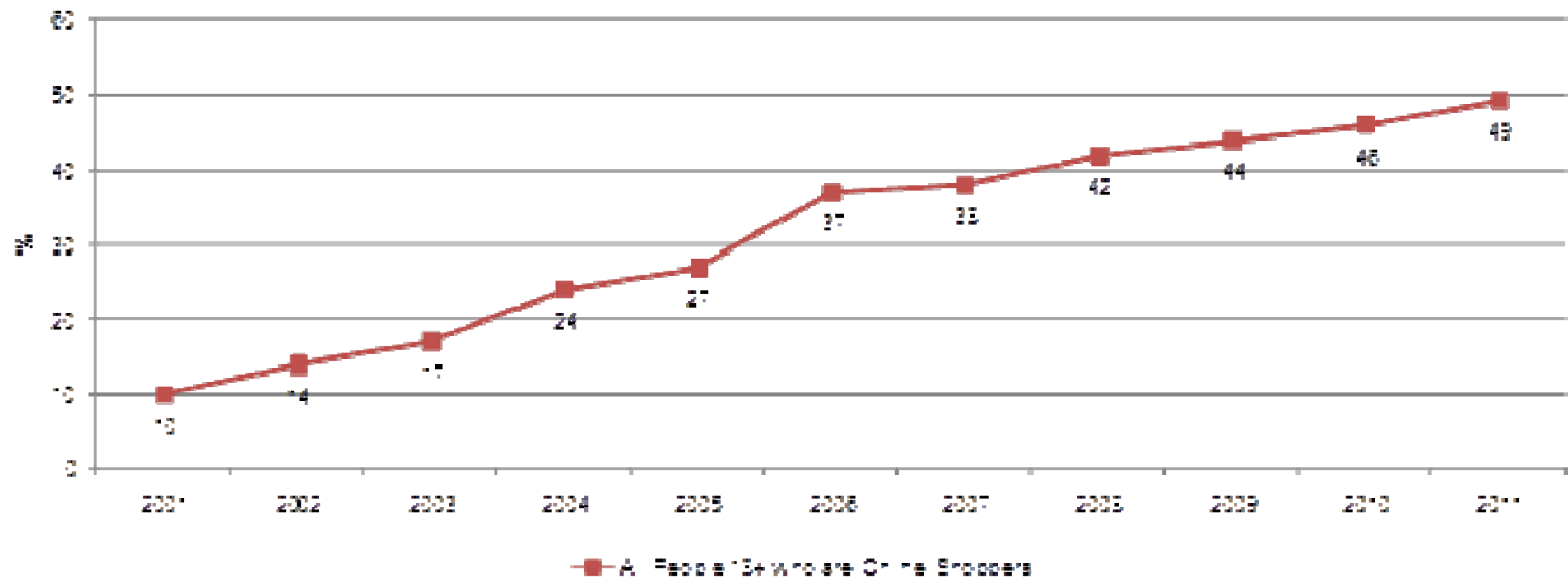
Figure 2.2. Statistics from New Zealand Online Shopping Retrieved from http://New Zealand.nielsen.com/news/Online_Shopping_New_High_May12.shtml.

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2.7.1 Examples of Popular Shopping Websites in New Zealand

The most popular shopping site in New Zealand is the Trade Me site. This site allows people to buy and sell online by auction. Another popular site by user numbers is the 1-Day site. Both are reviewed below.

2.7.1.1 Trade Me

Trade Me (www.trademe.co.New Zealand) is the only New Zealand online shopping website that has achieved significant success (Kamira, 2009). Trade Me constituted more than 60 percent of New Zealand's web traffic in 2007. It is an auction classified website founded by Sam Morgan (Kamira, 2009). Its headquarters are located in Wellington and Auckland. Trade Me, with its slogan of "where Kiwis buy and sell" was launched in 1999 in New Zealand. It is the largest internet-auction website operating in New Zealand. Fairfax purchased Trade Me for $700 million in 2006 and it operates the company (Kamira, 2009). Trade Me was publicly listed as a separate entity on December 13, 2011. Trade Me has several sister websites such as Old Friends, Holiday Houses, Safe Trader, Travelbug and Find Someone. Currently there are about 2,3917,52 active members. Approximately 1,390,000 auctions are run during peak hours. Online customers and participating traders can also use New Zealand's banking system to settle payments and resolve related problems. However, Trade Me insists that Australian sellers should have a New Zealand bank account to reduce the potential for fraud. Many buyers can pay cash on pickup for larger items (Trade Me, 2012).

Trade Me provides a "Buy Now" service and an auto bidding service. Trade Me has increased its scope over time with a wide range of listing possibilities, offering jobs, rental property, flatmates wanted, cars, motorbikes and boats. It uses a message board to combat problems, allowing message board members to archive threats. Trade Me has also added a quote functionality and search. It upgraded its user interface in October 2009. It has also built an online map site (smaps) which offers convenient access to New Zealand Street maps (Trade Me, 2012). What is more, Trade Me can detect fraud behavior directly. Group members are amateur online members who can supervise fraud activities. Trade Me imposes strict conditions and terms to ensure that online consumers

benefit from online shopping. It also complies with fair principles and respects the privacy of online consumers (Trade Me, 2012). Trade Me also uses the Advertising Standards Authority to lay complaints in order to provide a high quality service. Finally the website is linked to The National Business Review to improve their readership.
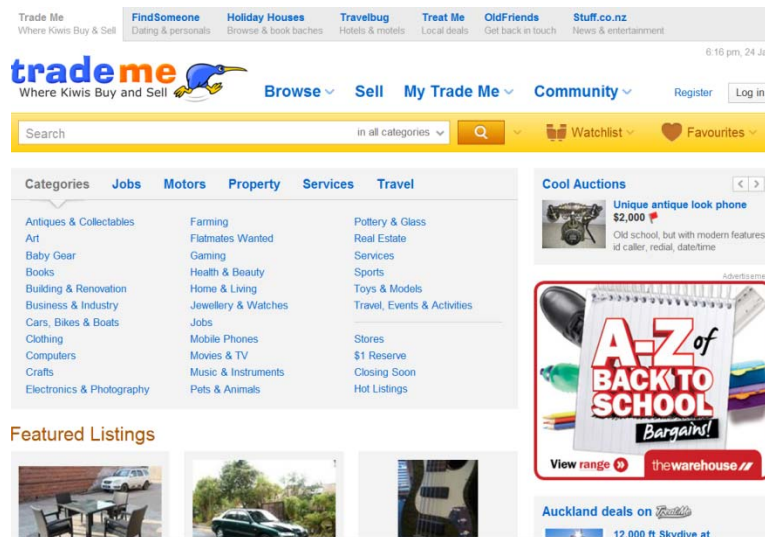
Figure 2.3 Snapshot of Trade Me

2.7.1.2 1-Day website

The second example of an e-commerce website in New Zealand is 1-Day which was launched in 2007 by Luke Howard-Willis (1-Day, 2012). The website offers three products at the middle of every day and the offer lasts for twenty-four hours. 1-Day states in the website that the company does not follow any rules but they focus on branded and quality products at heavily discounted prices. Furthermore, this website concentrates on direct import and selling, bulk buying and no hidden charges. One day claims that there are more than 120 people who are working to provide good services. These employees are passionate about customer's service, quality product and low prices. Finally this web website has live chat service to communicate pre and post order needs of customers (1-Day, 2012).
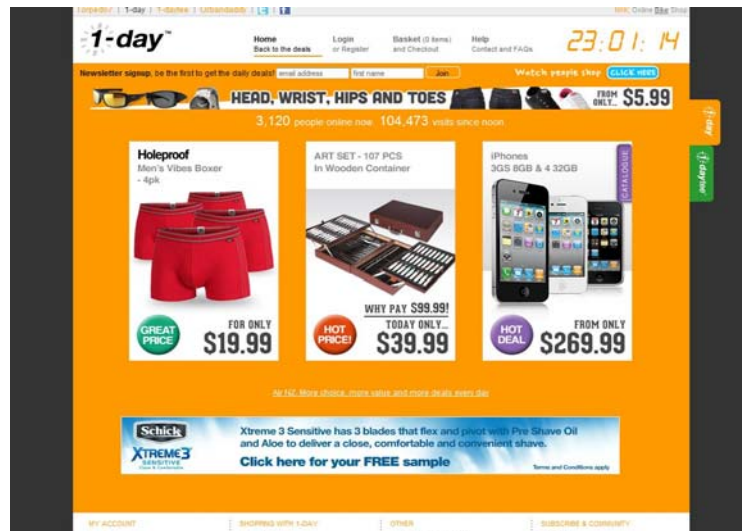
Figure 2.4 Snapshot of 1-day

2.8 ONLINE CONSUMER BEHAVIOR IN SAUDI ARABIA

The second case study, concerns Saudi Arabia. Saudi Arabia is the largest state in Western Asia by land area. It is an important part of the Arabian Peninsula, considered the second-largest state in the Arab world after Algeria (Alghamdi, et al., 2011b).

Saudi Arabia has the world's second largest oil reserves. Its estimated population is 27 million (Wauters, 2011). Despite the fact that Saudi Arabia is the largest oil producer, online shopping is still underdeveloped (Al-Ghamdi and Drew, 2012a). According to Al-Ghamdi et al. (2012b) expects that the retail sales per capita in the Saudi Arabia continued to move upwards during the downturn, and will reach US$4,078 by 2015 from 2010 of US$2,660. Many studies have been conducted to discover the reasons behind the slow development of online shopping in Arab world, Saudi Arabia specifically. The reasons were trust and privacy issues, an absence of clear regulation and rules to protect the rights of retailers and customers, cultural issues and ICT infrastructure. Even though the younger generation in the six Gulf countries is rapidly adopting the latest technologies, online shopping is still under developed (Al-Ghamdi et al., 2011b).

2.8.1 Examples of Popular Shopping Websites in Saudi Arabia

By number of users Souq.com and Sukar.com are two of the most popular sites in Saudi Arabia. They are reviewed below.

2.8.1.1 Souq.com

Souq.com is considered as the largest online shopping site in the Arab world, it provides more than 200,000 products such as household goods, consumer electronics, fashion, perfumes and watches ("About us, 2012)s. Souq.com claims to attract over 8 million shoppers per month and is growing fast as more customers are shopping online in the Arab world. Souq.com is viewed as the "Amazon of the Middle East", and functions as a retail site and as a marketplace for third party sellers. It provides safe online shopping experience and is convenient. The website states that they accept pay on delivery, MasterCard, Visa cards, cashU and free returns. This website was established in 2005, with its headquartered in Dubai, UAE. Souq.com initiated online shopping in the Arab world as an auction site. Souq.com switched to a marketplace with a fixed price model in 2011. This step was followed by establishment of retail division in late 2011. This website is covering and providing the local needs in Saudi Arabia Jordan, UAE, Egypt and Kuwait and providing the needs of local markets ("About us", 2012)

Figure 2.5 Snapshot of Souq.com

2.8.1.2 Sukar.com

The Sukar website is part of the Souq.com shopping website as stated at the bottom of the Sukar homepage (Sukar, 2012). Sukar.com is the leading online shopping club in the Middle East. They provide members access to fashion brands at up to 90% off retail prices. As with the New Zealand 1-day website, Sukar run time-limited offers for each brand or category, but the offers last from 2-4 days, and they have new offers start each day. The sales only take place online, but the administrative office is in Dubai. The website shows that they accept pay on delivery, MasterCard, Visa card, and cashU (Sukar, 2012). CashU is a prepaid online payment method in the Middle East and North Africa, where the large, young population have limited access to credit cards ("About cashU", 2012). As a result, cashU has become one of the most popular alternative payment methods for young Arabic e-commerce customers. CashU aims to reduce the risks associated with online payments for both customers and retailers and allows safer and faster buyers' contribution to e-commerce. It is worth mentioning that both "Souq.com" and "Sukar.com" are bilingual websites (Arabic and English)
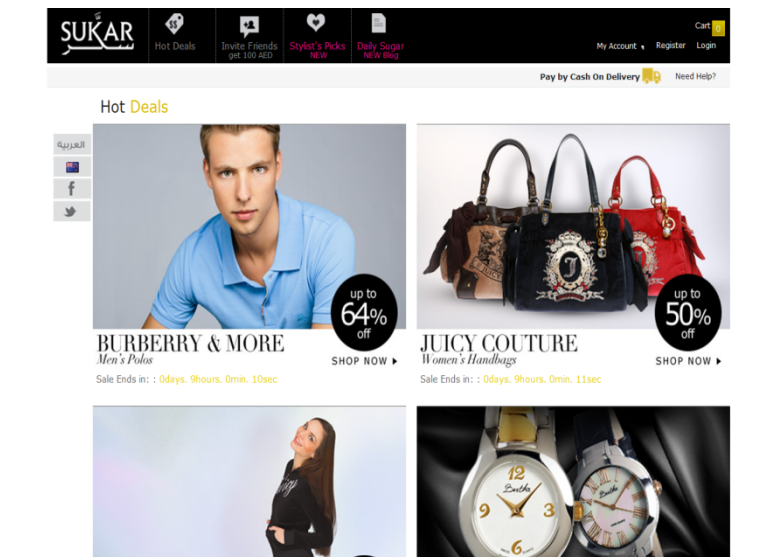
Figure 2.6 Snapshot of Sukar.com

2.9 ISSUES AND PROBLEMS REVEALED FROM THE RESEARCH

The existing literature shows there are suitable promotion strategies to motivate consumer purchase decisions in traditional commerce. Purchasing consists of five stages, illustrated in figure 2.1, where the consumers' needs are identified in the

first process until the stage of post- purchase evaluation. This chapter determined the four gaps based on the ServQual model, including knowledge gap, standard gap, delivery gap and communication gap.

Moving consumers to the cyber shopping malls does not mean that consumers stop following these same stages used in traditional shopping, and this also applies to the gaps identified by the ServQual model. These gaps can be seen in the e-commerce environment, for example, the knowledge gap can be equated to the lack of awareness of online shopping as in the case of Saudi Arabia. Moreover, a knowledge gap can be present on websites whose interface do not provide sufficient information about products and services, privacy and policy issues, and correct exchange rates. Moreover, some websites do not disclose all additional fees for the product. The delivery gap can affect the decision of e-consumers to repeat purchase, as the delivery of the product ordered online still depends on the same delivery methods.

Whether the transaction is conducted offline or online, the question still concerns what motivates customers to purchase regardless of the geographical locations to which they belong. Researchers attempt to understand the drivers that motivate the customers' attitude and behaviors. With the development of modern information technology, more people are shifting to purchasing products and services online. The reviewed studies highlighted site-quality, delivery services, payment systems and security issues as the main factors affecting the attitudes of consumers so far.

Perception of these factors whether positive or negative would definitely influence consumer behavior. These perceptions depend on an individual belief, values, culture and the economic system of the countries they came from. Hence, experience of customers might reveal a lot about the attitudes, beliefs, and values of the participants, and so this research take into account that data collected will include participants' online shopping experiences. From the information given earlier about the online market in New Zealand and Saudi Arabia, one could conclude that there are significant differences. It is to be seen whether these differences are reflected in factors that affect consumer behavior.

2.10 CONCLUSION

This chapter reviewed literature related to general purchasing behavior, stages of purchase decision making, business gaps based on the ServQual model, web-based business models and the advantages and disadvantages of online shopping. The two case studies (Kingdom of Saudi Arabia and New Zealand) have been presented to provide a background for the factors that influence consumers' decision making that this research will explore. Differences concluded from reviewing both cases may imply that there are different factors influencing the behavior of residents in both countries. The following chapter will provide a research design most appropriate to achieve the goal of this research. The research question, hypotheses and sub-questions will also be developed.

Chapter 3: Research Methodology

3.1 INTRODUCTION

As identified in Chapter 2, the variables that influence customer behavior and decision making to buy from online retailers' websites in Saudi Arabia and New Zealand will be explored in order to provide a guideline for the online businesses in Saudi Arabia, in particular to improve their service to the customers, based on the experiences of Saudi and New Zealand participants'. The information that might be gained from the New Zealand experience whether negative or positive are going to be set as a standard to which the online shopping in Saudi Arabia will be compared. This chapter is going to provide a theoretical background for the research methodology and methods of data collection and analysis that are appropriate to achieve the purpose of this study. Since this study is using the unstructured interview, it is imperative to define the sample (number of interviewees). The advantages and disadvantages of the method used in this research will be addressed. This chapter will be concluded with the discussion of the measurement method that might be used to achieve the reliability of this research.

3.2 OBJECTIVES OF THE RESEARCH

The objectives of this thesis that will be specified in this chapter. The methodology will provide an in-depth exploration of the factors and characteristics that might have an impact on the decision to purchase online and what factors can motivate customers to repeat purchase. First, the quality of website designs is a very significant variable affecting customers' online shopping behaviors. Kuo and Chen (2011, p. 253) state, "In order to increase market share in the face of fierce competition, every aspect of the services offered on websites must be improved". The belief that user-interface of the online shopping websites can affect how customers behave leads to the first hypothesis;

> H1. There is a positive relationship between the quality of online shopping websites and customers' decision to purchase online in Saudi Arabia and New Zealand.

The sub-questions that arise from the hypothesis are:

a) Does the interface of the online shopping website affect customers' decision to buy online?

b) If the quality of the interface of website is not good, but it provides good products and services, would people continue shopping from that website?

Moreover, several studies have been conducted to study the impact of others' experiences and personal relationships on the tendency of people to buy online. It has been argued that people from an individualistic culture, New Zealand in this research, use the internet for e-commerce more than people from a collective culture, Saudi Arabia in this thesis (Chen, Peng & Saparito, 2002).

The second hypothesis;

> H2. Relationships and the experience of others is an important factor that has an impact on the customer behavior and decision making to buy online.

The sub-questions that may arise from this hypothesis;

a) Are people from the same social or cultural group influenced by each other's' experience to buy online?

b) Through which sources do customers know about online shopping through?

Third, trustworthy and secure online payment systems can be seen as a vital factor that affects consumers to buy online (Al-Ghamdi et al., 2011a). As discussed in the previous chapter, people in New Zealand are concerned with online payment security. However in Saudi Arabia, the situation is different, with a limited number of people who have credit cards. Al-Ghamdi et al. (2011a) conducted a study where it was found that the issues related to the online payment in Saudi Arabia. Are; fear of credit card misuse, strict conditions applied to credit cards, interest taken from the credit card is forbidden according to Islamic law, local credit cards not being accepted by some international web stores, and limitation of online payment methods (Al-Ghamdi et al., 2011a). The function that payment systems would play, led to formulating the third hypothesis;

> H3. There is a positive relationship between the existence of good online payment systems and the tendency of the consumers to shop online.

In this context, the researcher could look at which issues are related to the online payment system from the participants' perspective? And what are the solutions to these issues?

3.3 REVIEW OF SIMILAR STUDIES' METHODOLOGIES

Other research reviewed below on online shopping consumer behaviour has used case study methodology which involves interviews. These case studies discuss consumer online purchasing behavior in New Zealand and Saudi Arabia. The researchers evaluate case studies, and use them as a theoretical framework for research. The studies used in-depth interview to investigate the motivation for online purchase decision-making. The researchers used a viral approach to collect relevant data to study the influence of site quality, payment system, and culture on the consumer decision making to buy online. The following related studies can give guidance and instruction on how to set up a research design based on what others have published already.

3.3.1 Case Study One – Site Quality (New Zealand)

Tokeley (2007) studied consumer online purchasing behavior in New Zealand. He focused on the site quality factor which influences consumer online purchasing behavior by employing face-to-face interviews. The researcher interviewed 125 people, and selected a random sample. His study used in-depth interview to discuss the importance of site quality on online purchase decision making. The researcher used a viral approach to collect relevant data to discover how site quality influences e-commerce consumers' decision making, and online consumer behavior. Tokeley (2007) found that site quality should be built to ensure initial trust from online consumers. Site quality indicates how vendors can provide a high quality service and build trust from their online consumers. Their e-shoppers can perceive a website as being more trustworthy.

Contents, layout and colour can attract online consumers because these factors represent site quality (Tokeley, 2007). Perceived site quality is positively associated with perceived usefulness and consumer trust in online shopping positively. On a well-designed site, consumers can use new technology to simplify their lives, can use e-commerce service to select suitable products and

services, and can evaluate and consider product-related information. Perceived usefulness is very important to the hedonic aspect of the shopping experience Tokeley (2007) posits that perceived usefulness is likely to be associated with growth of customers, continuance intentions, enjoyment subjective norms.

3.3.2 Case Study Two – Individual consumers' perception (New Zealand)

Pearlson (2010) employed qualitative research methods to conduct effective research. The researcher tested the hypothesis to analyse individual consumer perceptions related to subjective norms. The researcher selects qualitative research method to discuss how subjective norms affect online consumer behavior. There is a relationship in talking about online shopping with friends, and the intention to shop online. Enjoyment is also relevant to social norms because being online facilitates e-friendship and enforce e-shopping as a subjective norm (Pearlson, 2010). Thus, enjoyment and continuance intentions can be likened to perceived subjective norms. Subjective norms decide online consumer behavior and decision making. Individual consumer's perceptions of the beliefs of other consumers can influence e-shopping intentions. Pearlson (2010) discusses perceived risk, the internet shopping experience and online purchase behavior from a New Zealand perspective, using the face-to-face interview technique. Enjoyment can decide online consumer behavior and purchase decisions for products and services needed. Enjoyment in using a web site significantly affects the intention to shop online (Pearlson, 2010). Shopping enjoyment, perceived entertainment value of the web site and perceived visual attractiveness have positive impacts on perceived enjoyment and continuance intentions. Thus, perceived enjoyment relates positively to increased customer continuance intentions.

However, this research shows that New Zealand customers were not quite satisfied with the current online customer services because of slow payment systems, computer insecurity and the e-businesses lack of effective communication with customers. Online customers are moderately satisfied with current website interfaces. Most New Zealand online consumers are concerned with online trust and security. The top barriers to internet shopping are credit card theft and lack of security (Pearlson, 2010). Online customers value timely service, privacy policies and good returns and refunds. These factors are the most

important internet shopping features. Online customer service is the critical factor to the success of e-commerce. Revenue models, online promotions, technology, management and social policy also influence their performance and product characteristics. Online shopping websites are designed to fit the different needs of different customers.

3.3.3 Case Study Three - Current Website Interfaces (New Zealand)

Zhao and Gutierrez (2009) used the hypothetic-deductive method to interview 175 people to research how website interfaces influence online consumer behavior. They researched the importance of current website interfaces which influence consumer online purchase decision making. The authors investigated customer service factors influencing internet shopping in New Zealand with a qualitative research method. Based on the authors' study, the users of the internet are moderately satisfied with current website interfaces. The key barriers to internet shopping are credit card security, resistance to change, lack of physicality, lack of trust, payment insecurity. Credit card security is the biggest barrier for online users because users are high anxious about their bank account information being stolen. While they shop on the internet, they are concerned about credit card pin number safety. Users can buy all they want in traditional stores so why bother with internet shopping (Zhao & Gutierrez, 2009). They have high resistance to change. Lack of physicality is also important barriers to internet shopping because users of internet cannot inspect the product physically. They cannot touch products on the internet. It is very difficult to gain high trust in retailer websites. Users of online shops also worry that the payment methods are not secure. Payment insecurity is also a big barrier against usage of online shops (Zhao & Gutierrez, 2009).

3.3.4 Case Study Four – Online Payment Systems (Saudi Arabia)

Al-Maghrabi and Dennis (2009) used the expectation confirmation theory to measure gender differences in relation to the intentions of online Shopping in Saudi Arabia. In his research, online payment systems had been identified as significant because online payment systems influence online customer decision making, as credit cards are the most preferred payment method and common payment method for online shopping in Saudi Arabia. The researcher designed 12

open questions regarding online payment systems on online shopping site. The use of credit cards on websites increase security issues. Credit card fraud is 12 times more frequent for online merchants than their offline counterparts; credit card fraud reduces consumer's confidence in online shopping (Al-Maghrabi & Dennis, 2009). This can dampen the potential expansion of e-commerce. Saudi Arabia online business companies use online payment systems to resolve online credit security problems. They use Secure Click to strengthen the authorized customer system in order to ensure security of online payment.

3.3.5 Case Study five – Issues influencing Saudi customer' decision to purchase from online retailers in the Saudi Arabia

A study has been conducted by Al-Gamdi et al. (2011b) to research the diffusion of the adoption of online shopping in Saudi Arabia. This study aimed exploring the issues that affect the decision of Saudi customers to buy from Saudi online retailers. This study involved exploratory research and it used qualitative approach. Content analysis was used to identify the main issues resulted from the data collected using the semi-structured interviews with sixteen Saudi participants (8 females and 8 males) aged between 16 and 45 years old. The interviews were conducted using face to face, email, and telephone interviews. The interview questions and answers were all in Arabic, and researcher translated them into English. The study came up with two lists which include the challenges and enablers to purchase from retailers in Saudi Arabia. The challenges of online shopping in Saudi Arabia were culture, type of products are not suitable to be sold online, lack of clear e-commerce legislations in the country, lack of experience; lack of online trusted payment options, delivery problems, security issues and poor ICT infrastructure. On the other hand, the enablers of online shopping in Saudi Arabia represented in educational programs and building awareness of e-commerce, government support and assistance for e-commerce, trustworthy and secure online payment options, develop strong ICT infrastructure, and provision of sample e-commerce software to trial (Al-Gamdi et al., 2011b) .

3.4 RESEARCH DESIGN

A research design is the mechanism used to answer the research questions or test the hypotheses that motivated the researcher in the first place (Pinsonneault & Kraemer, 1993). This study would require a cross-sectional design which is employed when the researcher defines a population and examine differences in a subset of the population at a certain stage (Pinsonneault & Kraemer, 1993). Based on the case studies reviewed in the previous section, the researcher decided to conduct semi-structured interviews, and he applied the interview method to collect relevant information and data to achieve the research's objectives. The case study method will be used because the case study research strategy often emerges as a clear option for new researchers who are looking to undertake a modest research project when a comparison is related to a limited number sample or number of organizations (Rowley, 2012). Rowley (2012) states that the type of research question is the most significant issue in determining which methodology to adopt.

The case study methodology is most appropriate for this research due to a time limitation in conducting the research in the Saudi Arabia case, and due to the small number of participants (interviewees) in the research. It was deemed to use surveys and questionnaires as the number of the online customers is low in the Saudi Arabia case. This would be a challenge for the researcher, as the quality of the interviewees' responses is unknown. Moreover, the case study is useful in this research because the research questions, set up in Section 3.2 require an approach that supports deep and detailed investigations to answer them (Rowley, 2012). Yin (1994) affirms the case study can better explain current events where the researcher has little control, as in this research.

Because the sample is so small, the researcher will use qualitative analysis. The research will focus on investigating aspects such as the stat of local online services in each country, social and cultural influences, and what can be considered positive and negative experiences. Then the researcher will investigate the factors that influence online shopping from the experiences, and how these affect online buying decision-making. The analysis of collected data will involve transcribing and translation. Thematic unit of analysis will be used.

.

Research question	What are the factors that customer behavior and decision-making to buy online in New Zealand and Saudi Arabia?

| Hypothesis | Online customer relationship | Only payment system | Website interface |

| Data sources | Interviews | Document collection and Literature Review |

| Data analysis | Thematic analysis, coding and categorizing |

| Research findings | Findings from New Zealand interviews | Findings from interview in Saudi Arabia |

| Recommendations | Strengthen customers' relationship, payment system and website interface |

| Further research | Strategies for online shopping development in Saudi Arabia and New Zealand |

Figure 3.1: Data collection and analysis map

The researcher will use the hypothetic-deductive approach to interview identified samples as in the case study of Zhao & Gutierrez (2009) who studied the significance of the quality of interface on online purchase decision making. A data collection and analysis map is shown in Figure 3.1. The researcher uses open questions regarding online payment, consumer's relationships, and website-interface as they impact on online shopping. Due to the limited time for data collection in this research, the researcher will ask pre-set questions and let the interviewees talk

The interviewees will be selected as the result of a viral approach by friends. The viral method works by the researcher asking his friends to ask another friend if they would be interested in participating and they then ask another person. All consent forms will be signed and collected before the interview begins. The interviewees are given three weeks to decide whether to participate or withdrawal from the interview.

3.5 HYPOTHETIC DEDUCTIVE APPROACH

The hypothetic deductive model posits that there is nothing called "all relevant facts", but there are only hypothetic relevant facts (Wengraf, 2001). The researcher should start the study with a priori models and theories to decide which set of information or facts should be collected/ generated (Wengraf, 2001). The research conclude a particular hypothesis that its truth or falsity can be tested by the selection of other hypothetic relevant facts which are then collected, so the hypothesis is either supported by evidence of these facts or rejected by them (Wengraf, 2001).

3.6. SAMPLING PROCEDURES

Sampling can be defined as selecting individuals or entities from a population in a way to guarantee generalization about the phenomenon under study from the sample of the population (Pinsonneault & Kraemer, 1993). It is impractical to study the whole population. The most important element of the sampling procedure is to select a sample size that represents a subset of the population. This researcher selected twelve graduate students to conduct interviews on their online shopping behaviors and buying decisions in Saudi Arabia and New Zealand. The

researcher contacted friends who in turn contacted their friends to take part in the interviews. The researchers' friends introduced twelve friends to the researcher. The researcher used the viral approach to conduct effective interviews on online purchase decision making. Four graduate students were selected in Saudi Arabia, four graduate students were chosen from New Zealand and the last four graduates were chosen from the Saudi students who are studying or have studied in New Zealand to make a comparison between the online shopping in both countries. Both cases have been introduced in the previous chapter (Chapter 2)

3.7 DATA COLLECTION METHOD

The data collection method that is adopted in this research is the semi-structured interviews. The simple definition of the interview can be given as "questioning by a person, answering by another can be used for a variety of purposes" (Wengraf, 2001). The interviews will be initiated after getting permission to record the conversation. The researcher begins the interview with informal conversation with the participants, and begins with more general questions and moves to more specific ones. This would ensure the interview is more honest, reliable and morally consistent (Fontana & Frey, 1994). Interview is one of the most common methods, used to collect data for case studies (Collis & Hussey, 2003). The semi-structured interviews are carried out with participants from Saudi Arabia and New Zealand who use online shopping services. The interviews will be conducted in English and Arabic as Saudi participants speak Arabic as a native language. The interviews will be recorded using a digital voice recorder.

Semi-structured interviews should have a number of questions prepared in advance by the interviewer. Such questions are designed to lead to subsequent questions by interviewers. These sub questions cannot be planned in advance, but they must be developed in a careful way. The interviewee is asked to produce narrative or tell a story of their experiences with online shopping to discover factors most influencing them. As mentioned at the end of Chapter Two, the narrative of experiences of online consumers can reflect beliefs and values affecting consumer's attitude. It is important here to look briefly at the definition of both structured and unstructured interviews. An unstructured interviews aims to bring some preliminary issues to the surface, so that the researcher can determine what variables need further in-depth investigation, and the participants can

respond in more depth (Collis & Hussey, 2003). However, "Structured interviews are those conducted when it is known at the outset what information is needed" (Sekaran, 2003, p. 227). The interviewer has a list of predetermined questions to be asked in this type of interviews. The interviews are expected to be face-to-face interviews where the researcher can clarify doubts and adapt the questions as necessary. Face-to-face interview can determine how people really feel about their experience (Lehman, 1988). The researcher can pick up nonverbal cues from the respondent. Its main disadvantages are that respondents might feel uneasy about the anonymity of their responses when they are face-to-face with the interviewer (Zikmund & Babin, 2010; Ziman, 2000).

These interviewees have transacted online in either or both of the economies. Twelve interviewees were interviewed for 20 to 30 minutes. Each interview consists of a question response for approximately 10 minutes to gain the users perspective and to establish interactive talking between the interviewee and interviewer that is to be recorded for approximately 20 minutes. Interviewees are chosen from the two economic groups of New Zealand and Saudi Arabia. The researcher interviews these interviewees on their online buying beliefs, practices and online purchasing decision making.

When the researcher interviews the respondents, an audio recording is conducted. The researcher uses the recorder to record all data from the interviewees. Four interviewees were Saudi Arabians who speak English as a first language. The researcher used Yahoo Translator to translate the recorded text to English and prepare the text for NVIVIO 9.2 and qualitative analysis. Due to limited time for data collection in this research, the researcher asks pre-set questions and let the interviewee talk.

The interviewee is contacted by the researcher as the result of a viral approach by friends. All consent forms were signed and collected before the interview began. The researcher asks sex questions; maximum and 10 minutes is given to seed starters to get the interviewee to begin to talk on the topic. These are open questions, designed to make the interviewees respond within the framework of the topic, fit their respective roles and experience in the area. The research question is - What are the factors that influence customer behavior and decision-making to buy online in Saudi Arabia and New Zealand?"

The sex questions are:

1) When did you last purchase something online?

2) How often do you buy online?

3) Would you like to buy everything online?

4) Have you encouraged someone else to buy online?

5) Is the interface of the website important for you and why?

6) What is the best tthing about online purchasing?

The search starters are:

1. Tell me about B2C online business today in your country.

2. Tell me about the best or worst experience you had in B2C online business.

3. Tell me about the opportunities and challenges you see for B2C online business.

4. Tell me about where you think B2C online business might go in the future.

After transcription to text of the New Zealand and the Kingdom of Saudi Arabia interviews, the data are entered into NVIVIO 9.2 separately, to produce two reports (one for New Zealand and one for Saudi Arabia. They are analyzed as two cases with NVIVO 9.2 to identify similarities and differences. Data were collected with audiotape recordings based on the questions and starter statements. The researcher will ensure the interviewees comfort and introduce related starters from the list as required but not all have to be used.

3.8 DATA ANALYSIS

As discussed before, this research aims to examine the factors that affect consumer behavior and decision making to buy online. During data collection, the researcher will write notes regarding the main variables that affect customer behavior which emerged from the interviews. The themes will be classified and represented via notes in NVIVO 9.2. By doing so, the researcher can access the themes easily which can be defined by code, which means classifying units of data into categories (Ferguson, 2002). Deductive content analysis is used to describe the factors affecting the consumers' behavior, and this approach is

usually used when research literature on phenomenon is limited (Hseih & Shannon, 2005) as in the case under study. However, this approach can mean the findings do not accurately represent the data (Hseih & Shannon, 2005). The main categories resulting from the coding will present the elements that will be discussed in the findings and discussion chapters as factors which influence decision making to buy online. Nevertheless numbers and percentages resulted from using NVIVO 9.2 will be presented in the Chapter 4.

3.8.1 Content Analysis

Content analysis will be used to analyse data and address the factors that affect consumer's behavior in Saudi Arabia and New Zealand. Hsieh & Shannon (2005) state that content analysis dates back to the 18th century. This method was used during World War II (Krippendorff, 2004) to analyse propaganda of the Nazi regime (Krippendorff & Bock, 2009) which shifted content analysis from a descriptive form to a from that can make valid inferences from text (Krippendorff & Bock, 2009).

Content analysis can be defined as research methods that can make replicable and valid interpretations from content (Krippendorff, 2004). Content analysis should be objective and systematic (Stacks, 2002). The analysis of the transcription of the interviews to conclude factors that influence decision to buy online should be objective, and researcher should deal with hidden meanings in the content. Content analysis of the interviews will be qualitative. Stacks believes that there are many problems related to the qualitative analysis such as reliability and validity that   makes content hard to study, so the content should be should be counted via certain measurement systems. Thus, the quantitative approach will be used to enhance the qualitative research. Morgan (1998) discusses that it is not logical to give qualitative and quantitative approaches the same priority, so the researcher will use quantitative preliminary research that support the qualitative research (Morgan, 1998). The information will be provided by employing small scale of quantifications will guide the research. With regard to this research, quantitative analysis of the interviews will be conducted to determine the frequency of the factors that are assumed in the hypotheses to affect the online shopping behavior.

3.8.2 Qualitative Research

Qualitative research is a method which is employed in the market research, social science and other contexts in various academic disciplines (Aaker, 2007). The purpose of the qualitative research is to collect an in-depth understanding of the human behavior. It also aims to gather the reasons that govern such behavior. It focuses on small samples to achieve research objectives (Aaker, 2007, Adler & Adler, 1997; Boas, 1943). The qualitative method researches the reasons and approaches to decision making.

Qualitative methods produce information on a particular case. The researcher can use qualitative methods to explore empirical support (Pope & Mays, 1995), and support the research hypotheses. Case study research and qualitative methods may be used both for generalizing beyond the particular case studies and hypotheses-testing (Rowley, 2012). The researcher can use hypothesis-testing to understand whether a hypothesis is rational and logical (Rowley, 2012). From answering questions the researcher can use qualitative research to examine the hypothesis. The researcher can use qualitative research to collect evidence to provide a hypothesis and answer relevant research question (Pope & Mays, 1995). From the investigation the researcher can use qualitative research methods to use a predefined set of procedures to answer the questions systematically. Qualitative research methods can help the researcher to produce findings that were not determined in advance. These methods can help the investigators to produce findings that are applicable beyond the immediate boundaries of the study.

The researcher can use qualitative research methods to explore the understanding a given research problem. It also seeks a topic from the perspectives of a local population (Aaker, 2007).The researcher hopes to obtain relevant information on opinions, values, behaviors and social contexts of particular populations for the purpose of the research. Qualitative research can help the researcher to understand relevant information on social contexts, behaviors, opinions and values. From an understanding of relevant information the researcher can achieve the research purposes (Aaker, 2007).
Qualitative research offers complex textual descriptions. It can help the researcher to understand how people experience a given research issue (Bernard, 1995). The researcher can use qualitative research to collect sufficient information on

respondents' emotions, opinions, beliefs and contradictory behaviors (Bernard, 1995, Cavana, Delahaye & Sekaran, 2001, Creswell, 2003). The researcher can analyse the relationships between different variables in order to understand which factors determine online customer satisfaction from online platform and different online companies. The complex reality of a given situation and the implications of qualitative data can be explained carefully and adequately. From qualitative research method can be elicited a rich understanding on specific social context relevant to the topic.

3.8.2.1 Qualitative research methods

There are several qualitative research methods such as; focus groups, in-depth interviews and participant observation (Lehman, 1988). These approaches can help the researchers to acquire a specific type of data. The researcher will use in-depth interviews to understand personal experience, personal histories, and other behavior. In-depth interviews can also help the researcher to collect relevant information on sensitive topics (Lehman, 1988).

3.8.2.2 Comparison between quantitative and qualitative research

Qualitative research method differs from quantitative research method in the types of questions of investigated, analytical objectives, types of data collection instruments, forms of data and the degree of flexibility built into the study design (Holliday, 2007) . Quantitative research focuses on measurements and quantity calculation. Qualitative research focuses on interviews, open-questions and the capture of respondents' emotion (Giddens, 1990; Ghauri & Gronhaug, 2005; Holliday, 2007). Quantitative research focuses on closed-questions and on relationships between dependent variables and independent variables. Types of data collection instruments also differ between quantitative research methods and qualitative research methods.

The main differences between quantitative research methods and qualitative research method are the general framework, analytical objectives, question format, data format, and flexibility in study design (Kaminski, 2004). For the general framework, quantitative research seeks to confirm hypotheses about phenomena. It uses statistical methods and calculation to prove the hypothesis. The instruments use a more rigid style of eliciting and categorizing responses to

questions (Kaminski, 2004; Holliday, 2007; Malhotra, 2004). Quantitative research methods categorize respondents in order to collect relevant information. Quantitative research methods use highly structured methods such as structured observation and questionnaires and surveys. The investigator can use questionnaires to categorize groups and questions. Compared to quantitative research methods, qualitative research methods explore phenomena with interview and evidence (Marshall, 2003; Mahoney & Goertz, 2006). From exploration of phenomena, a researcher can discover different relationships and variables. From the exploration of different relationships between independent variable and dependent variables the researcher can analyse their relationships. Qualitative research methods also focus on instruments which use a more flexible, interactive style of eliciting, categorizing responses to questions. Qualitative research methods also use semi-structured methods such as in-depth interviews, participant observation and focus groups (Kaminski, 2004).

On analytical objectives, quantitative research methods quantify variation. This variation can be identified for measurement of relationship between dependent variables and independent variables (Mahoney & Goertz, 2006). The researcher can use quantitative research methods to predict causal relationships among different variables. It can also identify different measurements and set up different criteria to achieve research objectives (Malinowski, 1922; Mahoney & Goertz, 2006). From prediction of causal relationships the researcher can identify different problems and achieve effective management and control. Quantitative research can describe characteristics of a population. Compared to quantitative research methods, qualitative research methods describe variations and relationships. The investigators can describe and explain relationships. Qualitative research method can describe individual experiences in order to understand personal experiences, personal background and responses (Miles & Huberman, 1994l; McDaniel & Gates, 2006; McGirvern, 2006). A researcher can describe group norms and understand different situations for completion of the research topic and research objective.

On question format, quantitative research method focuses on closed-ended question (Nyamongo, Nkwi & Ryan, 2001). Closed-questions are restricted questions. The respondents must answer questions with restricted scope. For example, what is your gender? Respondent must answer this question with female

or male, the respondents only have two choices; there is no third possibility in their choice (National Commission for the Protection of Human Subjects of Biomedical and Behavior Research, 2012). Qualitative research focuses on open-ended question. For example, what is your qualification background? This is open-question. What is your opinion on the world economic crisis? Respondents can comment on different problems.

On data format, quantitative research methods focus on numerical aspects which are obtained by assigning numerical values to responses. Qualitative research method focuses on textual which obtained from audiotapes, field notes and videotapes in order to effectively manage and control data collection (Nyamongo et al., 2001).

3.9 THEMATIC ANALYSIS (Theme as Unit of Analysis)

NVIVO 9.2 is intended to help users organize and analyse non-numerical or unstructured data. The software allows users to classify, sort and arrange information; examine relationships in the data; and combine analysis with linking, shaping, searching and modelling. The researcher or analyst can test theories, identify trends and cross-examine information in a multitude of ways using its search engine and query functions. They can make observations in the software and build a body of evidence to support their case or project.

Thematic unit analysis will be used in order to analyse data resulting from the interviews. A unit of analysis is known as the element that the analysis of data and report findings are based on (Neuendorf, 2002). Theme as unit of analysis is more appropriate in this research because it can express the latent meaning of content, as it can reflect the attitudes and values of the participants in this research (Downe– Wamboldt, 1992).

3.10 ETHICS

A central part of research that should always be addressed is ethics. There are ethical issues when it comes to involvement of human participants. The participants in this research had the right to withdraw without negative consequences. The researcher submitted the formal AUT ethics application in April 2012. The approval makes this qualitative research possible.

Blumberg, Cooper, and Schindler (2008) define the research ethics as the set of rules that control how to conduct research while the researcher is responsible and following moral guidelines. Bryman and Bell (2007) provide an ethical guideline which was followed by researcher. They suggest that there be no harm to the participants, no lack of informed consent, and no violation of privacy.

3.11 TRUST

The analysis of research should be reliable and valid. Reliability and validity is highly relevant to quantitative research, as they judge the quality of qualitative studies (Patton, 1980). Trustworthiness of research can be seen in terms of credibility and transferability. Each aspect can be achieved through applying various strategies which should fit the research approach (Patton, 1980). Because the researcher collects the data, credibility of research and data analysis depend on the researcher (Patton, 1980). The researcher is a Saudi citizen, but he lives in New Zealand, so he should aware of having any bias towards the topic and he should be objective. The researcher is aware of the issues that affect online shopping as discussed in Chapter 2. Credibility of the participants can be ensured in having certain criteria to help achieve the goal of this research. The participants should be relevant to the case under study. That is why the researcher selected experienced e-consumers who are from New Zealand and Saudi Arabia. This will enrich the research with accurate information. Shenton (2004) posits that in order to create the possibility of transferring certain aspects to another environment of research; the researcher needs to provide in-depth description of the research environment to enable other researchers to know which part of the research could be transferred to other environment.

The researcher should provide information about the length of the data collection session, number of participants, characteristics of people participating in the research, and description of the environment (Shenton, 2004). The researcher gives detailed information about the research environment to allow other researchers to judge the extent to which data is transferable.

3.12 SUMMARY

In summary, this chapter discussed major methods employed for this research. This chapter emphasised the practical aspects of the research to provide a framework on how to gather and analyse data relating to factors affecting e-consumers in Saudi Arabia and New Zealand. Quantification will be used in this qualitative study to enhance the validity of the findings which will be presented in the following chapter. An outline of the credibility and transferability of the research is given to ensure that the results will reflect the situation of online shopping in both countries.

Chapter 4: Data Analysis and Findings

4.1 INTRODUCTION

This chapter presents the findings of the research using the NVIVO 9.2 qualitative analysis software to categorize and study the data that resulted from the interviews. In-depth and unstructured interviews with a total of twelve participants were conducted; four participants from New Zealand, four originally from Saudi Arabia, but currently studying in New Zealand, and the final four participants Saudis living in Saudi Arabia. The research investigates the factors that might influence online shopping decision making, and consumer behavior in two different cultures (New Zealand and Saudi Arabia). The following section in each case study summarises the state of online service in both countries. The main challenges and concerns that face consumers in each county are then emphasized. Each case study will be concluded by the experiences of the participants to see how they evaluate their own satisfaction with online shopping in relation to the context they live in. Finally, the researcher will compare online buying behavior in Saudi Arabia and New Zealand.

As mentioned in Chapter Three, participants were contacted three weeks before the interviews. The interviews were conducted using an audio recorder, and the duration of each interview was between 20 and 30 minutes. The researcher had to translate the Arabic transcripts of the interviews conducted with participants from Saudi Arabia. Two of the Saudi participants in New Zealand preferred to speak in Arabic. A total of six interviews were translated into English language; each translation took around two hours. Transcription of all interviews was more difficult than translation; the transcription took half an hour per ten minutes of recorded interview. All consent forms were signed and collected before the interviews were conducted. The interviewees were given three weeks to decide whether or not they would participate. The data was then imported into NVIVO 9.2 for coding and classifying according to the themes appropriate to answer the research hypothesis.

Interviewees are from similar economic groups - middle class educated in New Zealand and Saudi Arabia. Personal information such as the names of the

participants was coded in order to protect privacy. Data sources for the interviews for this research are summarised in Table 4.1.

Table 4.1 *Data Sources for the Interviews*

Data Sources	Details of the participants
NEW ZEALAND Participants	postgraduate management student at AUT (NZ1) Travel agent (NZ2) International students support advisor (NZ3) IT service desk analyst at Unisys (NZ4)
SAUDI ARABIA Participants	Postgraduate computer science student at Taif University (KSA1) Teacher (KSA2) undergraduate mathematics student at Taif University(KSA3) University Admission and registration officer (KSA4)
SAUDIS Participants in NEW ZEALAND	Postgraduate networking student at Whitireia University (KSANZ1) Undergraduate student at Massey University (KSANZ2) Engineering student at AUT University (KSANZ3) Postgraduate IT student at Massey University (KSANZ4)

4.2 ISSUES AND CHALLENGES

There were many issues and challenges that the researcher encountered prior to data collection. The first issue was related to gaining approval from the AUT Ethics Committee. A month before the researcher started the research, the ethics application was submitted, the privacy and intercultural concerns were addressed in that form. The second issue was related to getting approval from the Saudi Arabian Cultural Mission in order to contact Taif University, where the interviews with the Saudi participants were conducted.

As it was hard to find Saudi participants who have experience in online shopping, only four people were chosen. Also, at the time the researcher was in Saudi Arabia to conduct the research, it was the summer holiday period at the university, so people who had this experience were overseas or had returned to their home towns. Due to the limited number of Saudi participants (four) the

number of participants in the other groups including New Zealanders, and Saudi participants in New Zealand was also set at four.

The time limitation was another challenge that the researcher faced. After the researcher received ethics approvals from both AUT and the Saudi Cultural Mission, he went to Saudi Arabia but it was difficult for him to start the research immediately due to three events, summer holidays, Ramadan (Muslims' fasting month) and Eid (holy festival at the end of Ramadan). Due to the limited time available for data collection the researcher asked pre-set questions and lets the interviewees talk.

4.3 FACTORS THAT INFLUENCE CUSTOMER'S DECISION TO PURCHASE ONLINE IN NEW ZEALAND

Figure 4.1 shows the main variables that influence online shopping's behavior in New Zealand:

- Features of online shopping: both the challenges and the advantages of online shopping in New Zealand and Saudi Arabia will be presented in the following sections. The advantages are the motivational factor for from the perspectives of participants. However, challenges are viewed by customers as barriers or issues that encounter the status quo of online shopping which might have a negative impact on the customers' shopping behaviors, and decision making.

- Web-based environment (User-interface): the user interface is related to the layout of the website which could influence online shopping companies that are viewed and evaluated by the customers, and consequently affect decision making.

- Information Environment can be seen as the sources where potential customers derive information regarding online shopping. In Figure 4.1 (the New Zealand case) the media is one source of the information, in addition to personal experience which has an effect on current customers' tendency to influence others.
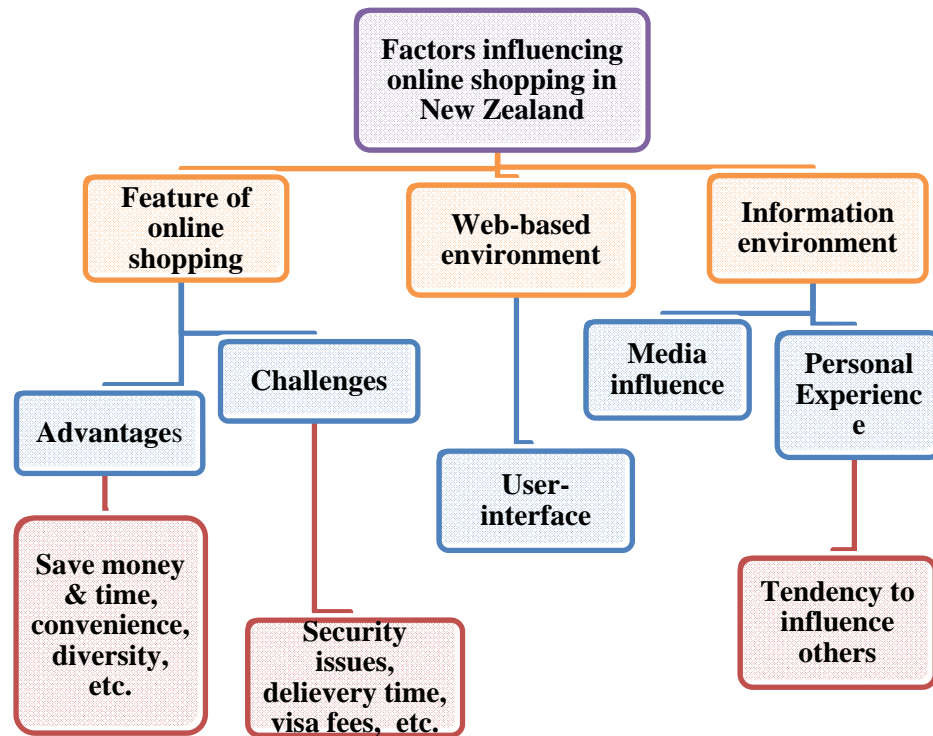
Figure 4.1 *Factors influencing online shopping in New Zealand*

4.3.1 Web-Based Environment - User Interface

Seven of eight participants (3 Saudis living in New Zealand and 4 New Zealanders) expressed that the website interface is an important factor in their decision whether to shop online or not. They expressed the extent to which they believed that the user interface is a motivating factor to buy online, as illustrated in the following statements.

"…it's the most important thing…" KSANZ1

"It's important for me…" NZ2

"I think it affect my decision…" NZ4

"…it is quite important…" KSANZ3

"It is not that important for me" KSANZ4

Pparticipants gave two reasons why they think that, the interface can influence their decisions to buy online. First of all the interface generates trust. Psychologically, people are worried about their money; they do not want to lose what they pay for. If they feel the layout of an online shop as user friendly, it would attract them as mention by KSANZ3. Moreover, "If the website is not well laid out, the customers are going to get confused, and fed up with the website"

stated one of the participants KSANZ1. So, the commercial decision is based on the user interface. One of the participants gave an example of two New Zealand shopping websites,

> "Trade me…have many good things, but it does not take my fancy as much as One Day. I feel Trade me is not organized"."KSANZ3"

One participant (KSANZ4) who believes that whilst website layout does not influence his online shopping decisions, found that other features like prices, product delivery and quality of the products were more important and, if they were present, he did not pay much attention to the interface.

4.3.2 Information Environment: Tendency to Influence Others

It is important to study how existing online customers influence others in the New Zealand case study as the researcher assumes that people in New Zealand are familiar with the concept of online shopping. The researcher currently lives in New Zealand where he believes that the environment is saturated with online shopping ads; he himself also started online shopping in New Zealand. In the Saudi case, where subsequent sections will be related to how participants (Saudis living in Saudi Arabia, and Saudis living in New Zealand) knew about electronic commerce and who influenced their decision, it will be seen that the tendency was to be influenced by others.

Participants who live in New Zealand have different responses. The first participant NZ4 recommends friends buying only 'electronic products' and he always advises them "… you need to make your research about it and compare the prices with others even the retail stores. When you are satisfied with the product go for it, but you have to make sure that the website is trusted". The other three participants explained that they recommended websites to their friends and families especially when there were good promotions and offers, and for one, groceries were one of the things he always recommended buying online.

4.3.3 Features of Electronic Commerce (Advantages)

The interviewees in New Zealand believe that online shopping has many advantages which encouraged them to shop online. How the participants evaluated the advantages varied. The main advantages that the participants suggested are:

- Offers and promotions available online

- Product Variety (more options)

- Save money, time and energy

- Convenience: available 24 hours a day, return a product for refund or for replacement.

- Security

- Product information and reviews available online

- Good quality products

- Avoid crowded malls

One of the New Zealand participants, originally from Australia, implied with a nostalgia tone, that she uses online shopping to get some 'brands' that are not available in New Zealand

> "I am originally from Sydney, so I miss the brands I am familiar with, and are not here". NZ2

4.4 ONLINE SHOPPING IN NEW ZEW ZEALAND

This section will at describe the online shopping in New Zealand. The following sub-sections will present the findings that describe the current state and the future of online shopping from the perspective of consumers participating in this research.

4.4.1 Status Quo of Online Shopping in New Zealand

'Good', 'popular', 'fantastic', 'limited', and 'restricted' are the words used by the interviewees to describe online shopping in New Zealand. One of the participants saw that online shopping in New Zealand is built on one concept and that is 'trust' as "...you get what you paid for". Some participants believed that online shopping is 'starting up', and 'increasing' as more young people start buying online. Moreover, small businesses and companies have started their own websites where they offer products and provide services. The 'Trade Me' website was mentioned four times by the participants as an example of a leading online shopping website in New Zealand. Others assessed the state of online shopping without providing specific justification for their choices as in:

> "It's really good. I really like it and it suits me a lot". KSANZ1

However, online shopping in New Zealand was described as 'limited and restricted' in terms of branded products that are offered online; it would seem to need improved, but generally it is in a healthy state as, it was suggested by KSANZ4. Other participants evaluated the online shopping market in terms of challenges (see Table 4.2). The five major challenges are postal delivery and shipping time, security and privacy concerns, security of payment.

Table 4.2 *Challenges of Online Shopping in New Zealand*

Challenges	Description
Security concerns	Expansion of market will make it hard for people to distinguish between good and bad vendors. Different vendors, people, and cultures are involved which means more online shopping fraud NZ1, NZ2
Postal delivery/ shipping time	Slow shipping and delivery time (KSANZ2)
Extra fees applied	Fees paid to either Visa or Master card NZ4
Job market in future	As more companies go online some individuals might lose their jobs. NZ4

4.4.2 Future of Online Shopping in New Zealand

The participants were overwhelmingly by the optimistic in their view of online shopping in New Zealand. They do not have any doubts regarding the development of electronic commerce as words like 'sure', 'quite', 'really', and 'overtake' in the following quotes reflect the certainty that the participants felt

toward the future of this service.

> "It's a growing market for sure" NZ2.

> "It'll go quite far. It will expand even more maybe there will be no shops" NZ2

> "Well, it will go really good, KSANZ2

> "Online shopping will overtake the ordinary way" KSANZ4.

One of the participants suggested that it would be good if online shops were established in terms of all categories of products, but he had concerns about the job market, and people who work in retail stores who may lose their jobs, as mentioned in Table 4.1 as one of the challenges. Some participants discussed the opportunities that online shopping might offer businesses and small companies, as in the following:

- Online shopping would save money or rent paid for retail stores.
- Small growing online businesses can increase their local/global clients.

4.4.3 Example: Summary of Participant's Positive and Negative Online Shopping Experience in New Zealand

The following sub-sections report on the analysis of participants' perceived emotional content in terms of their positive and negative experiences.

4.4.3.1 Positive experiences

The researcher, who believed that people preferred not to buy food online, "a box of fruits was surprised to find" was a motivating factor that aided a participant to decide to start shopping online; it was one of the best experiences he had since he started online shopping. Another participant had a similar experience with shopping for groceries online, which is more convenient and saves energy, because she does the grocery shopping once a month, so it would be heavy for her to carry.

> Other participants' best experiences were the buying of technological devices that were either not available in New Zealand (e.g. phone adapters) or devices that were cheaper online (e.g. mobile phones, and card chargers).

4.4.3.2 Negative experiences

Negative online shopping experiences on the other hand had resulted from the following reasons:

- Different companies have different sizes (clothes and choses for examples).
- Receiving nothing for the money they paid.
- Long shipping time; if the customer does not pay extra fees for quick/urgent shipping (product may take a long time to be delivered).
- Online shops' responses to customer feedback are either "not satisfactory at all" or "no reply".
- Language can be a barrier to shopping when customers use foreign websites (e.g. Chinese shopping websites).

However, one of the participants stated,

> "I can't say which one is the best, but I consider all my experiences were really good. But I could say the best one is the grille for my car which was delivered faster than I thought. I am afraid I don't have bad ones".

Participants recommend two points to enhance the satisfaction of online shopping experiences. First, individuals should be well informed about risks, and should be educated about how to use online services. Moreover, online customers should make sure that the company's website that they are using is authenticated, and it is better to stay with known stores.

4.5 FACTORS THAT INFLUNCE CUSTOMERS' DECISION TO PURCHASE ONLINE IN SAUDI ARABIA

Figure 4.2 shows the main factors that influence online shopping in Saudi Arabia as discussed by the participants. The main difference that distinguishes it from Figure 4.1 (Section 4.3) is that other people's experiences are the main source of information, not the media or personal experience, as in the New Zealand case (Section 4.3).
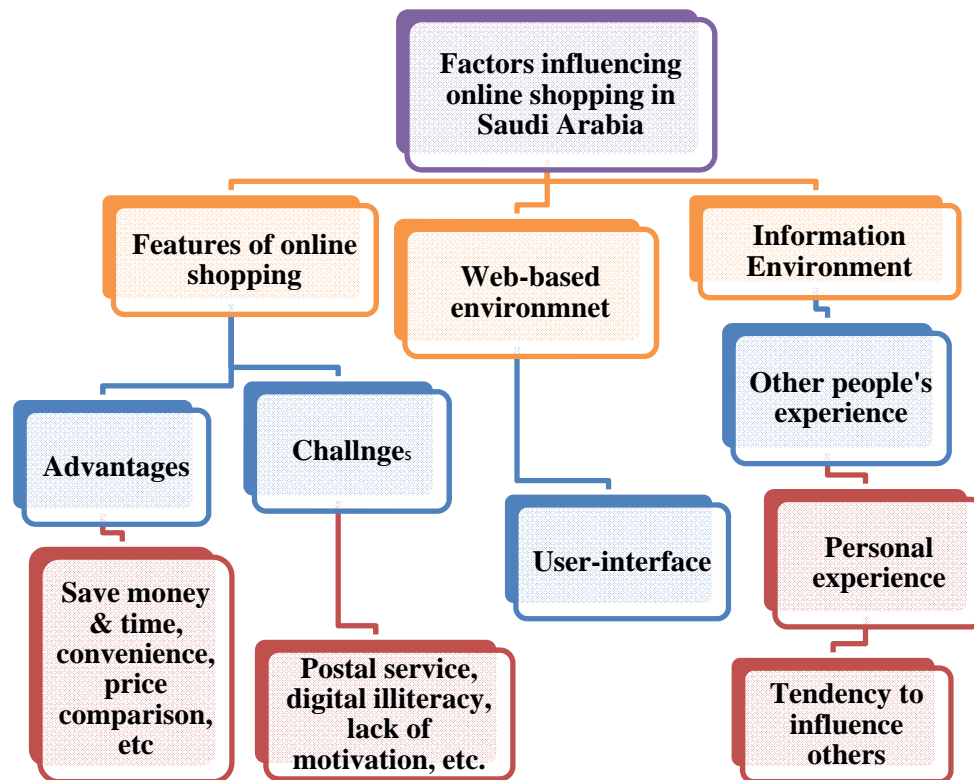
Figure 4.2 *Factors Influencing Online Shopping In the Kingdom of Saudi Arabia*

4.5.1 Web-based environment - User Interface

The user interface layout was very important for participants in the Saudi Arabia who suggested that the user interface is a very important factor that aids them to make decisions whether or not to shop online. They explained that some companies offered good products on their websites, but if the layout were not well presented, they might close the web page (as they believe that user-friendliness of a site is connected to security). For one participant it was not a motivating factor at all as stated;

> "For me I could say no because I tried online shopping, and it would not affect my decision, but for other people I think it's quite important"KSANZ4.

4.5.2 Information Environment-Tendency to be Influenced and Influence Others in Saudi Arabia

Environmental factors impact on the behaviour of customers and customers influence other customers. The following two sub sections review these influences.

4.5.2.1 Information environment - tendency to be influenced by others

As discussed previously, Saudi citizens have little or no information about online shopping services or their related terms such as online payment, shipping or refunding policies. The four participants in the Saudi Arabia case (Saudis who live in Saudi Arabia) had it recommended to them by their friends.

> "In fact I was encouraged by a friend of mine to buy online otherwise I would not buy".

Two of the Saudi participants who live in New Zealand started online shopping only after they came to New Zealand, while the third participant used to live in USA. The last participant explained that his father, who used to live overseas, is the one who encouraged him to shop online.

4.5.2.2 Information environment - tendency to influence others

Since the influence of others who live in the same social environment is a very supporting aid in the decision making process of online shopping in Saudi Arabia, it was important to see whether or not those individuals tend to influence others after their own experience. The Saudi participants who live in New Zealand admitted that they recommended their friends to buy online, and the following is a response of one of the interviewees,

> "Yup, just in New Zealand I advised a friend of mine. He was looking for some honey so he was going to Hamilton to buy it, when he asked me I advised him to buy it from the internet, so he could save his time, energy and money as well".

All Saudi participants who live in Saudi Arabia agreed that they recommend their friends to shop online.

4.5.3 Features of Electronic Commerce (Advantages):

The main benefits that the Saudi participants believe that shopping online has are:

- Price comparison services (between online companies themselves and between online shops and retail stores).
- Save time, money and energy.
- Convenience.
- Product variety (more options).
- Product information and reviews available online.

- Offers and promotions available online.

4.6 ONLINE SHOPPING IN SAUDI   ARABIA

Since this research is comparing the state of online shopping in New Zealand and Saudi Arabia, it is imperative to review the state of online shopping in Saudi Arabia as well. The following sub-sections will illustrate the results that may provide a picture of what the online shopping market looks like in Saudi Arabia from the perspective of the participants.

4.6.1 Status Quo of Online Shopping in Saudi Arabia

The four participated in this section are Saudi students living in New Zealand. They are able to compare problems in Saudi Arabia against their experiences in New Zealand. The other four participants live in Saudi Arabia. As mentioned previously in Chapter 2, Saudi Arabia is a growing market, but the state of online shopping is not fully developed yet. The following is a summary of the obstacles that the eight Saudi participants believe that prevent Saudi people form shopping online:

1. Postal Service

Some houses in Saudi Arabia do not have addresses, and an efficient postal service needs defined addresses. However, one of the participants emphasized that 'In-store pickup' delivery can be done once the payment has been accepted -

"There are some websites that deliver your product or item by calling you and taking a full description of your home. We do have some famous postal companies such as FDX and DHL and those companies are supposed to deliver your item to your door, but because of not having a specific address they will call you to come to their branch and pick up the product" KSA1.

All Saudi participants mentioned this factor as one of the barriers in Saudi Arabia that affect their decision to shop online there. Approximately 29.9% of these interviews' content was about the postal service situation.

2. Cultural Challenges

Culture in Saudi Arabia is based on interpersonal communication among people. People prefer face-to-face interaction rather using the internet as

stated by KSANZ2 "people here tend to be contacted face to face because it's easier".

"People need to go to the shops and check the product before they buy it as they used to, because they could go back to the shops if anything is wrong with the product" KSA3

Not all people are technologically literate- "the fathers always buy everything for their children and those people are rarely using the internet", as stated by KSA3 who stated that even young people who use the internet use it for purpose other than online shopping.

3. Online shopping is not popular in the Kingdom of Saudi Arabia

Five of the eight participants stated that online shopping is not popular Saudi Arabia. They said that the majority of the population do not know about online services. KSANZ4 suggested that Saudi citizens need to be aware of the benefits of using online shopping and how to use it. KSA4 emphasized the same point-

"Online shopping is a new thing for Saudi citizens and lots of them don't trust or know how to use this service, so I think we need to educate the Saudi people and show them the advantages of online shopping. Not only this but also we need to do more and more advertisements to let people know".

4. Lack of motivation

Motivation seems to be an important factor in decision making regarding online shopping in Saudi Arabia. There are five references in the interviews conducted to a lack of motivation. Participants state that nobody encouraged them to shop online. Moreover, there are few good offers, deals and promotions provided by local companies, and the number of trusted retail websites is limited.

5. Tax system

Taxes paid online is one challenge that faces potential consumers in Saudi Arabia-

> "Saudi citizens prefer not to buy from online shops because the prices would be the same, so no big differences in terms of prices because citizens do not pay taxes in Saudi Arabia" KSA3.

6. Online Payment

Two participants explained that online payment systems in Saudi Arabia are bad, and if you want the retail store to deliver a product to your home, they will contact you and come to your home to deliver your item and get their money in cash. Some websites provide their bank account numbers to enable the transfer of money and this seems very complicated.

7. Security Concerns

One of the most interesting points, which was emphasized by the participants, is that consumers protection agencies do not protect online customers who are involved in online shopping; therefore customers bear the consequences of online shopping themselves. Customers have a fear of losing money as online shopping is a new phenomenon for them. One of the participants told a story of his friend's experience that ended his doubts about online shopping-

> "I remember a friend of mine buying a PlayStation controller from a UK company, but he was not sure whether his item is fake or not, so he contact them and they confirmed to him that its original by giving him a serial number and ask him to check number in Sony company in which the PlayStation is produced" KSANZ3.

8. Advertising and marketing plans are not strong enough

One of the participants suggested a plan for overcoming the worries that people have toward online shopping. He suggested that people are convinced by TV ads, so online shopping retailers could use the television as an advertising platform to promote trustworthy online shopping companies and products. This would mean people would be familiar with the idea and would be encouraged to shop online.

4.6.2 The Future of Online Shopping in Saudi Arabia

All four Saudis living in Saudi Arabia agreed on one point, which is that there is a slight improvement, but more improvement needs time in online shopping. The time factor is very important to them.

> "I think more and more stores would use this services but we need some time"KSA1.

"We just need to spend more time to improve it" KSA2.

"I think it's going to improve, but we need time" KSA4.

Some of the participants made a connection between the education of Saudi people, especially those who study overseas, and the development of electronic commerce. The participants emphasized that companies are starting to establish their own websites where they can offer products and services.

4.6.3 Example: Summary of Participants' Positive and Negative Online Shopping Experiences in Saudi Arabia

4.6.3.1 Positive experiences

Two of the four interviewees in the Saudi case study bought mobile phones, and they were satisfied with the service, as one of them received what they bought within a short time. The other customer booked an accommodation in Dubai, which is a neighbouring country, and the offer was good (75% discount). The fourth customer ordered groceries online, and the service was good and fast. Three of the participant did not expect the service they experienced. They stated-

"I was surprised by their initiation" KSA1.

"I bought a cell phone which was delivered faster than was expected. I mean that I got it in three day whereas it usually takes about a week" KSA2.

4.6.3.2 Negative experiences

1. Online review does not reveal product's true quality-

"I bought a t-shirt, but … it was not as what is written on the website. The quality of it was really bad and is not worth to buy". (KSANZ2)

2. Long delivery time: The second participants had to wait five days more for the products he ordered which were supposed to be delivered within 10 day she said, however, "I have not got really bad experiences".

3. Jailbreak experience: The third participant purchased an iPhone in 2007 because it was hard to get one at the time in the market. He found a local website selling this product in Saudi

Arabia and he ordered one, but the iPhone had jailbreak. When he contacted the company they replied that all the devices that they have are the same, so he had to take it. Jailbreak can be defined as "the process used to modify the operating system running on an iPhone, iPod touch or iPad to allow the user greater control over their device, including the ability to remove Apple-imposed restrictions and install apps obtained through means other than the official App Store" (Costello, 2012).

The fourth participant in the Saudi Arabia admitted that he had no negative experiences at all because he is aware and careful regarding companies' websites that he uses. Two of the four Saudi participants living in Saudi Arabia explained that they did not have negative experiences which contradict their views that they presented in Section 4.6.1.

4.7 COMPARISON BETWEEN ONLINE SHOPPING IN THE KINGDOM OF SAUDI ARABIA AND NEW ZEALAND

The following table (Table 4.3) summarises the differences between online shopping in Saudi Arabia and New Zealand, presented earlier in this chapter. The top three advantages and challenges of online shopping in each country are also listed to show which aspects were important to the participants (who are online consumers).

Table 4.3: *Comparison of online shopping in Saudi Arabia and New Zealand*

	Aspect of comparison	Saudi Arabia	New Zealand
Infrastructure	**Online shopping websites**	Few shopping websites	Many shopping websites even for small businesses but limited "Brands"
	Postal service	Few shopping websites	Good, but slow shipping
	Payment system	Cash on delivery / bank deposit	Various forms (visa card, master card, debit)… Electronic form payment
Culture	**Required skills**	Most of the population are digitally illiterate even the younger generation that in relatively terms knows how to use the internet	Not stated
	Communication/interaction	Interpersonal communication preferred	Online & offline (face - to - face)
	Product view	(Face- to-face) Tangible preferred	Tangible & intangible (online) with familiar products
Informational Environment	**Media promotions for online shops**	Limited/ almost none	Via media outlets (social networking sites, and emails)
	Know about?	Friends and relatives	Media outlets
	Consumer protection legislation	Not protected	Protected
Evaluation of experience (satisfaction)		Nobody is satisfied	Almost all of them satisfied

Table 4.4 *Challenges of Online Shopping in Both Two Countries*

Country	Advantages	%	Challenges	%
New Zealand	Saving time and money	85 %	Security and privacy issues	35%
	Convenience	75%	Delivery time	25%
	Diversity	35%	Fees for using credit card	25%
Saudi Arabia	Saving time and money	85%	Postal service	100%
	convenience	35%	Digital illiteracy	75%
	prices comparison	35%	Lack of motivations	60%

The infrastructure systems that are found to have an impact on customers' of online shopping decisions are; shopping websites, postal services and payment systems. Online shopping websites are few as discussed by the participants in Saudi Arabia, while there are many companies (including small businesses) that

offer their products and services on their websites, and other online platforms in New Zealand. However those websites are limited in terms of product variety.

The second challenge is the postal infrastructure. As mentioned previously, all the Saudi participants in Saudi Arabia and in New Zealand agreed that the postal service needs to be developed in Saudi Arabia. This concern is the main barrier that faces online shopping consumers. For example, one of the participants stated, "I am not going to buy anything online unless the postal service is good". The participants implied that there is a problem with urban planning in Saudi Arabia which is related to the address system. However, not all the cities in Saudi Arabia have this issue. KSANZ2 explained that the postal service is better in Royal Commission in Jubail and Yanbu where he used to live, but he indicated that every time he visited his relatives in other cities he could not order anything online as he cannot guarantee the delivery of the products he ordered. On the other hand, the Saudi participants who live in New Zealand mentioned that the service is good in New Zealand.

The third service that the participants complained about is the payment system. Three of the Saudi participants were annoyed that most of the companies put their bank accounts on their websites so customers can deposit the money. The second means of payment in Saudi Arabia is cash on delivery in which the sellers receive the money when the companies deliver the product to the customers, because not all people process credit cards. However, none of the participants struggled with the payment system in New Zealand.

Culture is the second main barrier which affects how individuals make decisions regarding either buying online or not. Culture differences between New Zealand and Saudi Arabia can be seen in the form of the skill required to shop online, the nature of communication and interaction between individuals within a specific community, and the preferred way of viewing a product before making the decision to purchase.

The skills required to use online shopping are poor in Saudi Arabia because most of the population are digitally illiterate Even though, internet technology is widely used by young Saudi citizens for other purposes such as getting prices and a full description of products, online shopping is not very popular. None of the participants mentioned the technological skill as a challenge in New Zealand.

Interaction between human beings has always been an important means for fulfilment of their needs and desires. Communication between sellers and buyers is important for both of them to achieve their goals. In Saudi culture people prefer verbal communication or talking face-to-face with the sellers, as their parents used to do, new technologies have not changed how they behave. On the other hand, both offline and online interactions between sellers and buyers can be conducted. Two participants mentioned that they used emails to contact companies that they had bought products from

How people prefer to view the products that they want to buy is considered to be related to culture, and the security that the individuals feel. As mentioned earlier, people need to go to the retailers' stores before they buy a product in Saudi Arabia. But in the New Zealand case, participants argue that the tangibility view of the product depends on the product itself. NZ2 explained that in the case of being familiar with the product, there is no need to touch it, and she can check the product online. But the issue of quality can be central to clothing products, as clothing item could be different from that displayed as a graphic.

4.7.1 Comparison of the Information Environment

The two main sources from which customers learn about online shopping services are media, and people in their social circle. From the data gathered we find that there is a big gap between media promotion for this service in Saudi Arabia, which cannot be compared to New Zealand because none of the Saudi participants mentioned media advertisements as a source of information. Most of them have been advised to use this service by their friends, whereas the experiences of those in the New Zealand case have not been discussed by the participants. The participants believe that the environment is saturated with online shopping websites advertisements via all media outlets including emails, so there is no need to persuade others. Media promotion in Saudi Arabia is weak and needs to be developed; that is why people need time to understand the whole concept of online shopping.

Being protected against electronic fraud is the most basic demand consumers seek. Consumer protection agencies and organizations do not guarantee the rights of online shoppers in Saudi Arabia and Saudi customers are

not familiar with the roles of such agencies. A comparing of the experiences of Saudi and New Zealand interviewees confirms this impression. Surprisingly, although Saudi participants do not seem satisfied with the state of online shopping services in their country, they have had many good experiences regardless of the inefficient postal service. While participants in New Zealand are satisfied with internet shopping, their negative experiences more than their positive ones 5:8.

As can be seen in the table above (Table 4.4), the top three advantages in Saudi Arabia and New Zealand are the same, but this study adheres to examine the difference in online shopping in both countries, so the similarity will not be discussed. However, the third advantage for the Saudi participants is prices comparison whereas diversity is the third advantage for New Zealander interviewees. These differences in priority will be discussed in Chapter 5.

In terms of challenges, as shown above in Table 4.4, the main problems in the Saudi case are as follows:

- Poor postal service : as a result of bad urban planning (address system)
- Digital illiteracy
- Lack of motivation: online shopping is not popular and there is no effective promotion for online sellers in the market.

However, in New Zealand the concerns regarding online shopping were totally different:

- Trust factor: main problems were fear of fraud and how personal details are dealt with
- Fees paid for credit cards
- Jobs losses as a result of the expansion and development of online shopping. Some participants believe that the number of retailers store will decrease or disappear.

Some Saudi interviewees in New Zealand expressed the possibility that they may not buy anything online when they return to Saudi Arabia. Another participant mentioned the postal challenge of online shopping in Saudi Arabia-

"I am not going to buy unless the postal service is good". KSANZ3

Others implied they will use online shopping under one condition,

> "I will shop online if I can't find what I am looking for in Saudi Arabia, but I will definitely use the internet to get some information" KSANZ4

4.8 SUMMARY

This chapter presented the qualitative content analysis of the interviews that explain the factors that influence the online shopping decision making of individuals. The opportunities and challenges of online shopping in New Zealand and Saudi Arabia are significantly different. Participants analysed the status quo of online shopping in both countries and how it may be in future. Even though the main obstacles that face electronic commerce development in Saudi Arabia were related to the infrastructure of the country as explained by the participants, Saudi culture is a significant factor also and will be discussed in Chapter 5. Despite the pessimistic attitudes that participants in Saudi Arabia had, their experiences in general were good and their views of the future were optimistic. In Chapter 5 the key findings will be discussed in depth.

Chapter 5: Discussion and Analysis

5.1 INTRODUCTION

As more than one variable proved to influence customers' attitudes and decisions to buy online, and because these variables were found to be different in Saudi Arabia and New Zealand, it is useful now to bring together the findings from the interviews and test them according to the hypotheses presented in Chapter Three. This chapter will discuss the three key challenges to online shopping viewed by the participants. It might be worthwhile taking into account other elements as well. It is important to consider, in addition to the previous factors, the scope going beyond defining the factors that affect online shopping. The challenges reported were from the perspective of experienced online customers (the participants). The two cases studies were reported separately earlier, but now they will be compared to each other in the hope that this comparison will draw a picture of the factors that might motivate or discourage customers to shop online, and to provide a guideline for e-retailers to work towards development of their service.

The twelve people who were interviewed to answer the research questions (four from New Zealand, four from Saudi Arabia, four from Saudi Arabia living in New Zealand) came from a viral sample. Semi-structured interviews were designed, and a qualitative approach has been adapted to analyse the data to gain in-depth understanding of the attitudes of e-customers in both countries. Content analysis with the assistance of the NVIVO 9.2 software has been conducted. Some interviewees' answers were in Arabic; the researcher translated them into English. Most of the participants had an optimistic impression of the online shopping in that it is convenient, saves time and money, and provides a variety of products and price comparison. Almost all of the Saudi participants in Saudi Arabia were recommended to purchase online by friends or relatives or they got to know about this service when they went abroad. All of them bought online and they have had both positive and negative experiences. The Saudis participants who live in New Zealand said they are afraid to buy online when they go back to Saudi Arabia because of the postal system, which is not yet developed.

The online shopping market has been described as good and limited at the same time by one of the participants from New Zealand. "Trade Me" was mentioned four times which emphasises the strength of this auction website in New Zealand.

To evaluate the factors that may influence the behavior of customers' to purchase online in both countries, the researcher will follow the following diagram, to begin discussing and testing the hypotheses outlined earlier. Other variables will then be examined to assist in answering the research question.
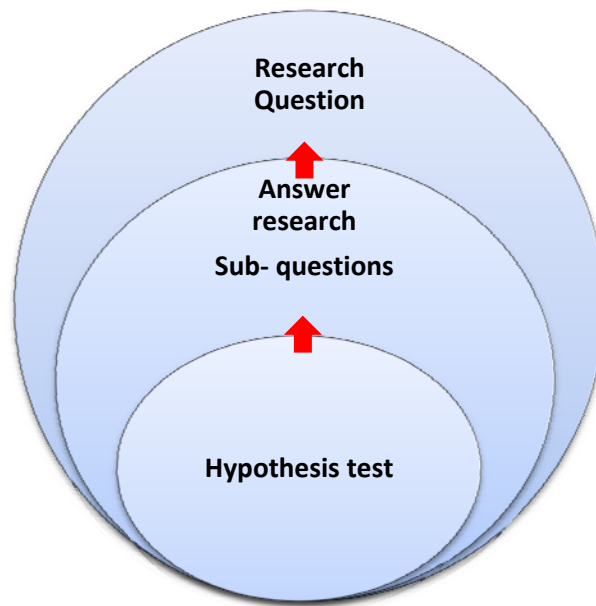
Figure 5.1: *Steps followed to Answer Research Questions*

5.2 HYPOTHESIS TESTING

The following sub-sections report on the testing of the three hypotheses.

5.2.1 First Hypothesis: User Interface

H1. There is a positive relationship between the quality of online shopping websites and customers' decision to purchase online in Saudi Arabia and New Zealand.

All the participants from New Zealand and Saudi Arabia, who live in New Zealand, have emphasized the user-interface as an important factor that affects their decision to buy online. These interviewees demonstrated the extent to which they believe that user interface is a motivating factor in their decision to shop. The

website interface was related to the customers' experience as in "It is important for me" and "I think it affects my decision and it is quite important". Most people worry about losing money, and the user-friendly layout of websites can attract customers so that companies can increase their business and improve customers' trust in their products and services. It can also attract customers, as discussed by KSANZ3 in "If the website is not well laid out, the customers are going to get confused, and fed up with the website". This means that the customers' decision is based on the user - interface. One of the participants gave an example of two New Zealand shopping websites "Trade Me", and "1-day" He expressed that he prefers to purchase from 1-day (see Chapter 2: Figure 2.4) because it is more organized than Trade Me (see Chapter 2: Figure 2.3). As mentioned in Chapter Two, the quality of the retail website, where the customers can navigate the website easily, see a full description of the products and services with a clear display of the product or service would facilitate a making decision regarding purchasing and enhance the customer's confidence (Al-Ghamdi et al., 2011a).

On the other hand, user interface/website layout was also important for the participants in Saudi Arabia. Three of them emphasized that the user interface assists them to make a decision whether or not to shop online. Some companies offered good products on their websites, but if the layout is not presented well, they would close the web page, as explained by KSA4.

Two participants (one from Saudi Arabia and one from New Zealand) connected the quality of the website with trust. In the review of similar case studies, Tokeley (2007) found that website quality is built to ensure trust from online shoppers.

Corbitt and Thanasankit (2003) explain that a lack of technology reliability can causes consumers to lose their trust in an online business. Website quality can be seen as a reflection of substantiality as most advanced solutions are not cheap and cannot be afforded by small sites (Corbitt & Thanasankit, 2003). As mentioned earlier, the reputation of e-retailers is one of the factors that can enhance consumer trust regarding financial security and privacy in New Zealand.

From the above, one could conclude that the website quality has an impact on customers' decision to buy online as ten out of twelve participants in both cases viewed the interface as "important" which means that the first hypotheses is true and accepted in both countries; however, one Saudi participants in Saudi Arabia

and another Saudi participants who lives in New Zealand showed less interest in the quality of the website compared to other variables as shown in the following quotations;

"For me I could say no" KSA2.

"It is not that important for me. It does influence me to some extent. But what most affect my decision are the price compared to other shops, delivery systems and the quality and features of the items itself" KSANZ4.

5.2.2 Second Hypothesis: Experiences and Relationships

H2. Relationships and the experience of others is an important factor that has an impact on the customer behavior and decision making to buy online.

The second hypothesis aimed to test whether the experiences of others and personal relationships affect individuals' decision to buy online. In order to answer this question, all the participants in New Zealand stated that they recommended online shopping to their friends and families especially when there are good promotions and offers, and for one of them, groceries were one of the things he always recommended to others. The participants in New Zealand showed a high tendency to influence others, but emails from retailers' websites were the main source of online shopping in New Zealand. However, in Saudi Arabia where online shopping is a new phenomenon, there is little advertising or promotion as mentioned by the Saudi participants. It seems that there is a big gap between media promotion in Saudi Arabia and New Zealand. None of the Saudi participants mentioned media advertisements as sources for information regarding this service. Most of them have been advised to use this service by their friends, and family members. All of the Saudi participants showed a tendency to influence others, and some of them had already recommended online shopping to their friends despite the negative experiences they had as described in the findings chapter (Chapter 4).

One could state here that the experiences of others and customers' personal relationships affect customers' decisions to buy online, as participants from Saudi Arabia were recommended to buy online by friends and family members, and they have a tendency to influence others. Similarly, the online customers from New Zealand showed the motivation to tell others about good products offered by online websites. Sacha Orloff Consulting Group (2012a) explains that there are

several studies which emphasize the significance of social influence and its dynamics on consumer behavior, which is directly influenced by social value, where trust is built on the similarity of members of a group. She explained that a group of similar individuals would trust the group that they belong to where they depend on second-hand-experiences or second-hand information (Sacha Orloff Consulting Group, 2012a).

5.2.3. Third Hypothesis: Payment System

The third hypothesis outlined in Chapter Three was related to the influence of payment system in both countries. In Chapter Two, the researcher discussed the various online payment systems and how important they are for the online shopping as a service. The security of payment was highlighted by NZ2. She was concerned about the misuse of the credit cards. As mentioned earlier, the concern with financial security is related to evaluation of the payment systems and reputation of the retailer (Shergill & Chen, 2005). In the Saudi Arabia case, two of the participants who live in Saudi Arabia emphasized that payment systems are not good. Going back to the two examples of the Saudi Arabian online shopping websites (Sukar and Souq), both websites accept credit cards, PayPal, MasterCard, and "cashU" which is a prepaid secure payment, similar to the debit card. Both websites accept cash on delivery which is seen as more secure to some customers as the transaction is tangible. From these examples, it is obvious that there is a lack of information regarding payment systems among Saudi customers. There should be more education and promotional programs to introduce e-commerce related services in Saudi Arabia. Only three participants out of twelve mentioned issues related to payments system in both countries. This means that this hypotheses is substantially rejected.

The researcher built these hypotheses not only based on his own personal experience, but also based on other researchers' findings reviewed in Chapter Three who classified these factors (user-interface, payment system, and relationship) to be the most influential factors; authors such as Al-Gamdi et al. (2011), Tokeley (2007), Zhao and Gutierrez (2009), Al-Maghrabi and Dennis (2009), and others.

From the personal experience of the researcher, who is from Saudi Arabia, not everyone in Saudi Arabia has credit cards. Few of his relatives use credit cards,

and there is no real need to use credit cards where he used to live, and he did not have any credit card before coming to New Zealand.

After analysis the data generated from the interviews and discussion of the findings in term of the three hypotheses outlined in Chapter Three, the researcher found that there are other factors that would have a stronger impact on the customers' behavior and decision making process regarding buying online in both countries which will be discussed in the second half of this chapter.

5.3 THE TOP FACTORS AFFECTING THE DECISION TO BUY ONLINE IN NEW ZEALAND

The main challenges to using online shopping in New Zealand were privacy and security issues, slow delivery service and fees for using visa cards. Participants in the New Zealand case were mainly concerned with privacy and security issues, and credit card use, specifically, a fear of the misuse of the credit cards leading to money being stolen.

Regarding the fear of using a credit card, NZ2 said that she does not know how her credit card information is dealt with. It means people should feel safe enough to be willing to use this service before they take a risk. Jarvenpaa et al. (1999) claim that risk can be seen in the perceptions of consumers regarding the uncertainty and consequences of engaging in an activity. Peszynski and Thanasankit (2002) explain that people from individualistic cultures are willing to conduct online transactions because they trust this service more than people from collective cultures do, but the findings of this research found this is not the case in New Zealand. As mentioned earlier, people from an individualistic culture such as New Zealand the internet for e-commerce more than people from other cultures which emphasized by Chen et al. (2002).

The other privacy and security concern is that people do not trust all websites. Fraud is a major problem because different sellers, people and cultures are involved. The social networks of people on the internet do not exclusive to friends, family members, and coworkers, but extend to include others. The individuals on the internet may not reveal their identities explicitly, so the possibility of fraud is high on the internet. A contradiction in the feeling of insecurity toward online transactions in New Zealand and New Zealand being an individualistic culture,

which could be a topic for future research. Maybe one could look at New Zealand as a multi-cultural society where people are influenced by the beliefs and attitudes of each other.

The second factor that customers in New Zealand are worried about is slow delivery time, as three of the participants mentioned this. Online customers make orders and expect quicker delivery than traditional purchasing and delivery at their convenience. Reliable delivery is one of the services that would encourage customers to repeat purchase, as discussed by Vijayasarathy (2002) in chapter Two. Different delivery methods are used to deliver products to the customers at their convent. KSANZ2 who is a Saudi participant living in New Zealand, noted slow postal and shipping service would be one of the factors that challenge his decision to buy online. He had recently experienced a four days delivery time. KSANZ3 another Saudi participant living in New Zealand ordered an android TV from a china-based deal extreme discount website, and was supposed to receive it within three weeks by normal delivery methods. He paid additional fees to receive faster delivery, within 10 days, but unfortunately the TV was only delivered after two months.

The third factor affecting customers' behavior is credit card fees. When consumers use credit cards to purchase "…an interchange fee is paid from the acquirer to the issuer" (Wright, 2004). Efforts have been made in New Zealand against retailers surcharging customers for using credit cards which was highlighted by the Commerce Commission ("Watch for credit card charge, shoppers told", 2010). Consumer groups advise people in New Zealand to check payment transactions. Commerce Commission reached a settlement in 2009 with financial organizations to achieve more transparent and lower charges for credit card use ("Watch for credit card charge, shoppers told", 2010).

5.4 THE TOP FACTORS AFFECTING ONLINE DECISION TO BUY ONLINE IN SAUDI ARABIA

Bad postal service, lack of good promotions and offers, and digital literacy were seen to be the most important challenges that affect the willingness of customers in Saudi Arabia to purchase online. As a reminder, four people who participated in this section are Saudi students living in New Zealand in order to compare the

online shopping services in New Zealand and Saudi Arabia.They stated that Saudi houses do not have addresses or mail boxes, that is why they prefer in-store pick up. People in Saudi Arabia either have a PO Box or use courier services to deliver products and documents. When they use courier services, they do not provide a physical address, but rather a phone number to call. The courier company will call the customers later to get instructions regarding the delivery time. The consumers can choose to pick package up themselves. Even though the research found there are two cities in Saudi Arabia based on the western system (Royal Commission for Jubail and Yanbu), where homes have their own address and there are no issues at all with this service, in general, the findings showed that this issue took about 29% of the interviews' content. One of the suggestions that participants provided to solve this issue is that the government should consider developing direct, clear home addresses.

Despite the observation that consumers showed an adequate understanding of online shopping in general, they stressed digital illiteracy or limited IT knowledge in Saudi Arabia as the second main factor that affects the decision to buy from online shopping websites. An understanding of online shopping is rare in Saudi Arabia. "Most people do not know this service", "ignorance of people" , "majority of people here don't know about the online shopping", "it is not popular", "online shopping is a new thing" are examples of the way participants in this research evaluated the awareness of online shopping by the Saudi population. One of the participants believes even young people who are digitally literate are using the internet for purposes other than online shopping. Being ignorant of how to use online retail services will affect the intention to buy online. People who have no digital literacy older people, for example are less likely to shop online. Comparing this case to the case of New Zealand where people are familiar with technologies required to conduct online shopping, no one mentioned digital illiteracy as a factor that may affect the decision making of customers to purchase online. Participants suggested that video tutorials would be a good way to teach and inform individuals of how they can shop online.

Alghamdi and Drew (2012a) recommended an educational program to contribute to the development of online shopping services in Saudi Arabia, to remove fear of online shopping and demonstrate the benefits of using online shopping. Mass media and social media including the internet, TV, and

newspapers should plant the idea that everyone can access online shopping websites and buy from them.

The findings showed that a lack of good offers and promotions due to the limited number of online shopping websites were the third top factor that affects the decision to buy from online shops. Five out of eight of the Saudi participants in this research emphasized the limitation of offers and promotions in Saudi Arabia. The lack of promotions was seen to affect motivation negatively. If local shopping websites offer competitive prices, it would be better for them. The participants explained that buying from overseas websites is cheaper than buying from Saudi Arabia. Prices in traditional stores are almost the same AS the prices offered online, so they prefer to buy from local, physical markets, at least if something goes wrong with the product they can get a refund or exchange it. If they do buy from international shopping websites, they will have to pay extra fees for taxes, but in Saudi Arabia, residents do not pay any taxes. It is worth nothing that ordering products from international e-stores would be difficult because of the current postal service in Saudi Arabia as mentioned earlier. Similarly, issues related to cross border online shopping is that exchange rates and currency transfer rates are added to the actual price of the product and may cost the customers more than buying from the traditional retailers' stores.

It has been seen that the key factors that affect online shopping in New Zealand are the privacy issue, extra fees paid for credit cards and delivery time. However, the poor postal service, digital illiteracy and limitation of promotions and offers seemed to be the factors that most affect the customers' decisions to buy online in Saudi Arabia. One could conclude that all of the above factors answer the question of this thesis project. In other words, the research goal has been met. These factors can discourage customer from buying online from online retailer in New Zealand and Saudi Arabia.

5.5 EXPERIENCE: WHAT DOES IT MEAN?

As it has been mentioned in Chapter Two, the experiences and a definition of the factors that affect the individual consumer behavior can tell us about their beliefs and values. These beliefs and values should be understood in order to target those consumers and satisfy their need. In the New Zealand case, as we have seen in

Chapter Four, participants correlated their positive online shopping experiences with cheap prices, quick responsive, and quality. The best experiences were with technological devices that are not available in New Zealand, or were cheaper online. The negative experiences were dominant in the New Zealand case. These experiences varied from clothes being different from those sizes online, late delivery of products, to the limitation of products on the market.

The participants in the New Zealand case showed that they are familiar with the risk associated with the use of online shopping. But the general impressions of the participants who are already consumers are positive.

However, despite the several issues and problems generated from the participants' evaluation of the state of online shopping in Saudi Arabia and the negative impression the customers had of their local e-market, the participants' personal experiences were good. None of the participants in Saudi Arabia suggested warnings regarding using online websites which indicates that the perceived risk differs to the participants of the other country. Therefore, business organizations should use different strategies to attract customers, and strengthen their understanding of consumers' needs.

5.6 A COMPARISON OF ONLINE SHOPPING IN BOTH COUNTRIES

There is need to sum up the differences that are found to exist in online shopping in both countries before outlining suggestions and recommendations to develop online shopping services and enhance the satisfaction of consumers. Culture is the one of the main areas that affect how individuals make decisions regarding buying online or not. Culture differences between New Zealand and Saudi Arabia can be seen in the form of the skills required to shop online, the nature of personal communication and interaction between individuals within a specific community, and the preferred way of viewing a product before making a decision.

Participants noted that there are few shopping websites in Saudi Arabia. Online payment systems in Saudi Arabia are cash-on-delivery and bank deposit according to the Saudi participants. Most people do not have credit cards. Compared to Saudi Arabia, New Zealand has many shopping websites even small businesses, despite a limited number of brands. Some respondents have had positive experiences. But some have experienced late delivery. In New Zealand,

there are various methods of payment for products and services, such as Visa card, Master card and debit card.

Looking at the required skills aspect, most of the Saudis population is digitally illiterate even the younger generation, who know how to use the internet. Some people in regarding online shopping preferred face-to-face interaction rather than online transactions. In New Zealand, results shows that no one commented about required skills. New Zealanders were willing to access products tangibly or intangibly, but consumers in Saudi Arabia prefer to go traditional shops to check the product themselves. Online consumers in Saudi Arabia do not receive media promotions as the online shops are few and limited, unlike New Zealand with diverse media outlets, emails and social networking sites which help consumers make decisions more easily. These online media companies offer greater convenience for their customers.

The skills required for online shopping are poor in Saudi Arabia because

5.7 RECOMMENDATIONS TO IMPROVE THE ONLINE SHOPPING MARKET IN SAUDI ARABIA

The foundation of any e-shopping activity is transaction and payment. A successful gateway payment system would enable safe purchasing within the country and in neighboring Gulf countries. The Saudi Government should develop e-commerce; they should improve professional knowledge information and communication technology. Moreover, competitive prices can be a great way to attract consumers to online shops. E-retailers should think about providing a variety of products to consumers who are shifting to international online stores. These products and services should satisfy consumers' expectations. Business organizations should be highly responsive to customers' inquiries and questions. Training programs should be provided for staff serving e-customers to meet their needs. Not all the factors determined by the hypotheses; user-interface, payment systems and delivery time were the main ones affecting decisions to buy online, but the government should work to overcome issues related to them. It is necessary to provide solutions for the main factors negatively affecting the tendency of Saudi customers to shop online.

5.7.1 Postal Service

According to Turban, King, Lee and Viehland (2004, p. 591) "the key aspects of order fulfillment are delivery of materials or services at the right time, to the right place, and at the right cost". The development of e-commerce should be perceived as a great opportunity to which traditional services can be adopted. The postal sector, which can be considered as essential infrastructure for the development of this service is the main challenge in Saudi Arabia as has been seen. Developing a postal service will benefit business organizations, consumers and the public in general. The Saudi government should work on development of an address system. They should look to other countries' experience like New Zealand case.   Houses in New Zealand have a good address system. None of the New Zealand participants mentioned failure of the postal service as a factor that challenged their decision to shop online.   New Zealand Post contributes to the satisfaction of online customers. Lately, New Zealand Post introduced a new service that allows New Zealand e-shoppers to have products purchased from USA online stores delivered to American addresses and then to New Zealand (Pullar-Strecker, 2012). The service, called "YouShop", enables the purchase of products that could not be normally delivered to New Zealand and enables purchases from online stores (Pullar-Strecker, 2012).

Not all products can be shipped /downloaded electronically as books, movies, or music. Obtaining a stable delivery system is essential for selling tangible items. Failing to offer a reliable delivery service could be the main reason for discouraging consumers to buy online. Thus e-retailers sites should provide diverse delivery options that are affordable, and reach their destination within a reasonable timeframe. The courier companies in Saudi Arabia are more expensive than traditional post; this is why the government should consider developing a new postal system to improve the economy of the country. The state of the nation delivery system in Saudi Arabia is not as bad as other developing countries. Shopping websites are trying to solve limitations in delivery by providing alternative delivery systems. E-customers in Saudi Arabia attempt to use all available options of delivery. This research recommends future research in order to investigate the requirements of an affordable delivery system in the success of online shopping in Saudi Arabia.

5.7.2 Digital Illiteracy as a Result of Limited IT Knowledge

The participants in this research proved to have a good knowledge of online shopping which was a condition of their being included in the sample. All Saudi participants are young and were introduced to the online shopping by either friends or relatives who were already e-consumers. They believe in the efficiency of this service and are able to receive product and services descriptions before they buy. However, limited IT knowledge of online shopping can affect the amount of Saudi people undertaking online shopping. Awareness of this service should be developed, so people can benefit from this service.

If people are not aware of how to use this service, they can be victims of fraud. Zhang (2005) argues that knowledge has a significant influence on consumers' decision making. This knowledge has two components: expertise and consumer knowledge which is related to protection of privacy, consumer selection, and information searching. Knowledge save consumers the time required to make decisions regarding online buying. Zhang (2005) believe that online users can perform some activities that unintentionally lead spyware to be loaded onto their PCs, mainly caused by pop-ups, and free downloads. The spyware can record credit cards numbers and passwords (Zhang, 2005). In Saudi Arabia the e-commerce culture and consumers' knowledge of how to use the internet would have to ensure consumers' privacy and protect them from being victims of fake e-shopping companies. Al-Ghamdi et al. (2011b) argue that when individuals do not understand how something works they get frustrated with it. People sometimes do not understand the process of buying online or find difficulty in reading the content of the website when it is written in other languages. So, one suggestion would be that the Saudi Government should co-operate with the private sector in order to organize some campaigns to promote this service in schools and shopping malls. Advertising would be a beneficial way to spread awareness of the online shopping concept, its role and its significance to consumers, business and the country.

5.7.3 Lack of Promotions and Offers

Six Saudi participants complained about the limitation of offers and discount promotions. Sometimes the prices on the shopping websites can be equal to the

prices in the physical stores. The Sukar website shown in Chapter Two is an example of a Saudi shopping website that claims to offer discount up to 90%. However, this website is one among the few shopping sites in the Kingdom. Sometimes these websites cannot meet the needs of local customers. For example, Apple's products are considered to be too expensive, and had little or no warranty because of a clash with Apple's Authorized Distributor in Saudi Arabia Saudi Arabia (roaminggnome, 2011). Therefore people tend to buy from overseas websites. This means that currency and exchange rates might be added to the original price. The Goods and Services Tax (GST) might be included as well in addition to delivery fees. Saudi consumers trust UK and the US online stores, but the currency rate for Saudi Arabia is lower than the US dollar or the pound. That may explain why participants complained about lack of offers and promotions to motivate them to shop online.

When the researcher examined the situation in New Zealand, the researcher found a note on the New Zealand Customs Service Website. The Customs Service informs residents that before they purchase online, they should be aware that they will pay Customs charges or GST in addition to the advertised price when the product reaches New Zealand. So they provide a guideline of how much duty they will pay by using the provided online estimator (New Zealand Customs Service, 2012). As this point, it is logical to bring together the discussion of the findings before concluding the present thesis.

The discussion of the results started with testing the hypothesis and answering the sub-questions of the research to answer the main research question. The results indicate that there is a strong relationship between quality of the online shopping websites (user-interface), and tendency of the customers to purchase online. The trust and reflection of substantiality were discussed as possible explanation for this research. Moreover, the experience of others which was emphasized in the second hypothesis was seen as a factor that individuals consider when make decision to buy online. It was apparent in the case of Saudi Arabia where depending on the second hand experiences of other members of the society are valued by the participants as a social value. Finally, the payment system as criteria to measure the willingness to buy online was emphasized by the participants who outlined different aspects in both cases. The security of payment system concerned the participants who are already consumers in New Zealand

case. However, the participants in Saudi Arabia preferred tangible payment because the payment systems are not good. This result may be explained by the lack of information regarding the payment systems provided by the local online shopping website. The main different challenges to the online shopping in New Zealand were represented in the security and privacy issues, slow delivery systems, and fees applied on the use of visa cards. On the other hand, bad delivery system, digital illiteracy and lack of offers and promotions appeared to be the main difficulties not to adopt online shopping in Saudi Arabia. Therefore, a guideline to improve this service has been developed.

5.8 SUMMARY

This chapter discussed the major findings and elements developed from the hypotheses and the literature review. This chapter began by demonstrating the key finding and methods applied in the research. Then the researcher tested the hypotheses in order to gain an in-depth and comprehensive answer to the research question. Differences between the experiences and impressions of the participants were highlighted as a further step to outlining recommendation appropriate for the development of online shopping in Saudi Arabia. The next chapter concludes this thesis project providing details of the research's limitations, contribution and recommendation for further research.

Chapter 6: Conclusion and Recommendations

6.1 INTRODUCTION

This research provided an extensive review of diverse factors that are likely to influence online customers' behavior and their decision making process in Saudi Arabia and New Zealand. The research has applied a qualitative approach to analyze the data collected by the interviews to understand the customer behavior in-depth, and provide insights of the interviewees' values, opinions, attitudes, and behavior regarding online shopping. The qualitative approach in data analysis can better understand the concerns of accessibility to different cultures, understand how customers from different cultures perceive and evaluate online shopping, and analyze the language and the context of the research. Moreover, the research questions designed for this research originated from needs of the people being studied, and the need of the e-customer in Saudi Arabia. Face-to-face semi-structured interviews were used to gain an in-depth perspective of the factors affecting online shopping in Saudi Arabia and New Zealand and to achieve high response rate. In the following section, the major findings of the research are discussed according to the factors set out in the hypotheses mentioned in the reviewed case studies or those resulting from the interviews.

6.2 OVERVIEW OF THE RESEARCH FINDINGS

Several factors proved to influence online customers' behavior in New Zealand and Saudi Arabia. In New Zealand case study, poor online shopping service was represented on the concern of participants about their privacy, and payment insecurity which is addressed the trust factor. Diversity of the products is another barrier face online customers in New Zealand, that being said the overall evaluation of the experiences of the participants was good. The decision to buy online is influence by practicality and design of the website which might be related to enjoyment and trust as mentioned by one of the participants. The website design proved to be a vital factor that influences the online behavior in Saudi Arabia. Quality of the website for online businesses should ensures trust, so the customers will see it as more trustworthy. Moreover, content and the layout of

the websites can attract more customers. High quality of a website is also associated with usefulness, so the decision of customers to buy a particular online product is related to the layout of the website. The perception of usefulness depends on the customers' perception of the technology. New technology for some people simplifies life by enabling them to consider information provided that describes each product available. Postal services and the address system in Saudi Arabia and digital illiteracy were mentioned in Chapter One as the main factors that prevent customers from shopping online.

People gave importance to the experiences of others. Studies have highlighted the importance of social influence on consumer behavior, directly influenced by social value, where trust is built on the similarity of individuals (Sacha Orloff Consulting Group, 2012a). The interviewees in both case studies heard about and performed online shopping based on the experiences of family members, friends, and others in their social circle. "This group of similar individuals would trust their group and assess on second-hand information and second-hand-experiences" (Sacha Orloff Consulting Group, 2012a, p.20).

6.3 LIMITATION OF RESEARCH

The time limitation of this thesis which must be completed within one year has led to a limitation in the scope of the research. The focus of the research was on the factors that influence online customer behavior in both Saudi Arabia and New Zealand. The issues related to the factors provided insight into the major problems that the Saudi Arabia market has compared to the New Zealand market. However, the research identified additional results related to the difficulties that the New Zealand online shopping market has which could not fully be explained and discussed in this research due to the limited time frame of this thesis. In addition, data collection period data in Saudi Arabia was not advantages which lead to few people being willing to participate. The research was conducted in the summer holiday in Al Taif University, and at that time it was the holy month of fasting in Saudi Arabia followed by the Eid holiday.

The number of interviewees means that this research has certain shortcomings, as the results cannot be generalized to all Saudi or to all New Zealanders because in both countries there must be a digital divide and not all people shop online as

not all people have access to the internet. Therefore, the finding can only be applied to Saudis or New Zealanders who shop online.

As online shopping is a new trend, an understanding of factors that influence people's decisions to shop online can provide information of interest to online retailers in Saudi Arabia and New Zealand as a focus on customers' psychology can explain customers' preferences, choices, use, and decisions to purchase. The target population of the research was online customers and graduates, with no age or economic status defined, but all the participants were from the middle class, and that was to be expected because the internet users and those who are familiar with the concept of online shopping in Saudi Arabia are students especially those who have studied abroad. Including people from other demographic groups in the Saudi case study would provide a better understanding of the factors, so the results can be generalized to the whole population.

Only semi-structured interviews were conducted to collect data, but the research could have used better supporting direct output that could be gained by using a quantitative approach, including surveys. Adoption of both quantitative and qualitative approaches could improve the quality of findings generated from this research and check its validity.

6.4 RECOMMENDATIONS FOR FUTURE RESEARCH

Additional research could be conducted on the reasons, not the factors that would motivate people to engage in online shopping activity within the Saudi Arabian context without comparison to other countries by using a large sample size.

New models and theories could be made from additional research to aid the e-retailer in increasing sales. The online shopping concept should be promoted and marketed in Saudi Arabia in a wider context to increase the number of online shopping customers, and even internet users. This research is concerned with the factors that affect customer behavior and decision making, which are mainly related to human motivation.

Further research can be done to assess the influence of each factor on the online shopping community (both retailers and customers). By determining these influences, a good plan can be developed to improve other services and minimize the negative consequences of these factors.

Forty six per cent of the Saudi population used the internet from their mobile phones by the end of 2011 ("Internet and mobile users in Saudi Arabia, 2012). This fact that this proportion of the population uses the internet from their mobile phones is could be useful to study as a factor to develop online shopping services. Online businesses can develop their own smart phone applications, so customers can use their mobile to do online shopping rather than depending on the computer-connected internet as people prefer to browse the internet from their phones at any time and from any place.

This research has contributed to knowledge about online shopping service in Saudi Arabia, and has set a guideline for further research on how the behavior and decision making of customer is formed and influenced to improve the Saudi Arabia and New Zealand economies,

6.5 RECOMMENDED PRACTICES TO IMPROVE ONLINE SHOPPING IN SAUDI ARABIA

This section provides recommended practices and some guidelines to improve the online shopping market and services in Saudi Arabia. Knowledge Barriers, proper payment systems, infrastructure and government support should be taken into account by the government.

There is a lack of experience and knowledge of new information technologies among the population. Culturally, people in Saudi Arabia still prefer face-to-face business deals which affect the trust people put in purchasing online, and there is always resistance to change, so there is little benefit to changing the structure of business and moving entirely online. Large businesses in the manufacturing sector are the main active retailers online. The government and the e-commerce committee should work very hard to foster and promote good digital literacy. The e-commerce committee can run campaigns in traditional shopping malls, schools, and other institutions where they target the average Saudi citizens as mentioned in the previous chapter. Also, the E-committee Committee can target people via social media platforms to gain this awareness.

This would encourage businesses to adopt online websites. The government should support information and communication infrastructure.

Changes have to be made and implemented to convert new technologies into successful websites. The staff of the E-commerce Committee should be provided with training and education to develop his aim.

Retailers should be encouraged to shift their businesses into online commerce to benefit from gaps in the market despite the current challenges that the market faces. These challenges can be converted into opportunities in the absence of competition. Retailers should focus on establishing their own online brand identity. New job opportunities, new offers, new business models can be developed if this sector improved.

Most of large companies are influenced by the country's heritage and are likely to refuse new ideas that might require business time and workers' skills and training. The barriers are different from the companies' perspective. In order for the companies to benefit from e-commerce, they need first to identify their objectives to overcome these barriers.

Finally, certain actions are required to support the development of online shopping in conjunction with the e-government system. The e-government can contribute to the success of this industry. If the government provides clear business regulations by providing a framework for e-commerce, ownership, taxation laws, and IP protection, those would make the situation better (Sacha Orloff Consulting Group, 2012a). Efforts need to be made by the public and private sectors to develop this new culture of shopping. A clear timeline should be designed to help adoption of the online shopping culture in the country of a growing economy such as Saudi Arabia.

6.6 SUMMARY

This chapter reviews the findings of the research and reports how this thesis has contributed to the body of Knowledge in this subject, its limitations, and recommendations for further studies. This research is different from previous research in that it attempted to draw a picture of the current situation of online shopping in both two countries from the customers' perspective, and provide the differences in behavior of the customers and their decision making process in a cross-cultural context. Moreover, most of the researches conducted in this field are quantitative based, but this research was qualitative. By comparing the

New Zealand case study it provides a standard of online shopping that could be an example for developing countries and this provides another dimension to the study.

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Appendix

MEMORANDUM
Auckland University of Technology Ethics Committee (AUTEC)

To: Brian Cusack
From: **Dr Rosemary Godbold** Executive Secretary, AUTEC
Date: 6 December 2011
Subject: Ethics Application Number 11/312 **Comparisons of the online buying behaviour in Saudi Arabia and New Zealand: A comparative case study.**

Dear Brian

I am pleased to advise that the Auckland University of Technology Ethics Committee (AUTEC) approved your ethics application at their meeting on 28 November 2011, subject to the following conditions:

1. Provision of a revised response to section B.7 of the application that better answers the question asked in relation to the study under consideration. The researcher and applicant are advised to use AUTEC's prompts in the Frequently Asked Questions section of the Ethics Knowledge Base (http://www.aut.ac.nz/research/research-ethics/ethics) when revising this response;

2. Provision of revised responses to section B.9 of the application that better reflect the multi-cultural contexts of this research and provision of evidence for the consultation that has occurred;

3. Clarification of how and where the interviews will take place;

4. Provision of a revised response to section C.3 of the application that more fully explains the context and justification for the project;

5. Provision of a revised response to section D.4 of the application, identifying:
   a. exactly how the recruitment will occur;
   b. how the contact details for the potential participants will be obtained;
   c. how the voluntariness of the consent will be assured and how any coercive influence associated with any possible management involvement will be managed;

6. Provision an assurance that unsolicited emails will not be used in the recruitment of participants. This response needs to be reflected in the Information Sheet;

7. Provision of any covering letter or email that will be used in the recruitment or participants;

8. Identification of the manager referred to in the response to section D.10 of the application and clarification of how any conflict of interest and privacy issues associated with any possible management involvement are being managed;

9.   Provision of revised responses to section E.4 of the application that better reflect the possible embarrassments that may be involved in answering the indicative questions and identifying how this will be managed;

10.   Clarification of the response to section E.5 of the application;

11.   Provision of an amended Information Sheet using the current Information Sheet exemplar in the Ethics Knowledge Base (http://www.aut.ac.nz/research/research-ethics/ethics) as follows:

    a.   Replacement of technical or academic jargon with everyday language;

    b.   Identification and introduction of the researcher and the qualification for which the study is being undertaken at the beginning of the section titled 'An Introduction';

    c.   Definition of abbreviations and acronyms when they are first used;

    d.   Inclusion of a statement saying something like 'You may withdraw from this research at any time before the completion of data collection';

    e.   Provision of a revised section about how and why participants were identified and their contact details obtained;

    f.   Inclusion of the possible award of a qualification in the section on benefits;

    g.   Use of the current contact details for the Executive Secretary as given in the current Information Sheet exemplar.

AUTEC expresses its concern at the inadequacy of the information provided in the application. To assist the researcher and you to meet AUTEC's conditions as effectively as possible, AUTEC has arranged for the Executive Secretary, Dr Rosemary Godbold, and Dr Antje Deckert (or the Chair, Dr Philippa Gerbic should Dr Deckert be unavailable) to be available for consultation about these points and to approve satisfactory resolution of the conditions.

I request that you provide me with a written response to the points raised in these conditions at your earliest convenience, indicating either how you have satisfied these points or proposing an alternative approach. AUTEC also requires written evidence of any altered documents, such as Information Sheets, surveys etc. Once this response and its supporting written evidence has been received and confirmed as satisfying the Committee's points, you will be notified of the full approval of your ethics application.

When approval has been given subject to conditions, full approval is not effective until *all* the concerns expressed in the conditions have been met to the satisfaction of the Committee. Data collection may not commence until full approval has been confirmed. Should these conditions not be satisfactorily met within six months, your application may be closed and you will need to submit a new application should you wish to continue with this research project.

To enable us to provide you with efficient service, we ask that you use the application number and study title in all written and verbal correspondence with us. Should you have any further enquiries regarding this matter, you are welcome to contact me by email at ethics@aut.ac.nz or by telephone on 921 9999 at extension 6902. Alternatively you may contact your AUTEC Faculty Representative (a list with contact details may be found at http://www.aut.ac.nz/research/research-ethics/ethics).

Yours sincerely

Dr Rosemary Godbold

Executive Secretary

Auckland University of Technology Ethics Committee

Cc: Mohammad Alsuwat vip-alswat.1@hotmail.com, Rosemary Godbold, Philippa Gerbic, Anntje Decker

Methods of Overcoming

Overcom-

Secure payment pro-
tocols

Goods quality and return

Service quality improve-
ments

More picture and
information of prod-
ucts available

Distribution im-
provements

Making order process
easy

Key Barri-

Credit Card Security

Quality & Return Issues

Lack of Physicality

Lack of Awareness of
Online Product Offerings

Distribution Issues

Consumer Resistance
to Change
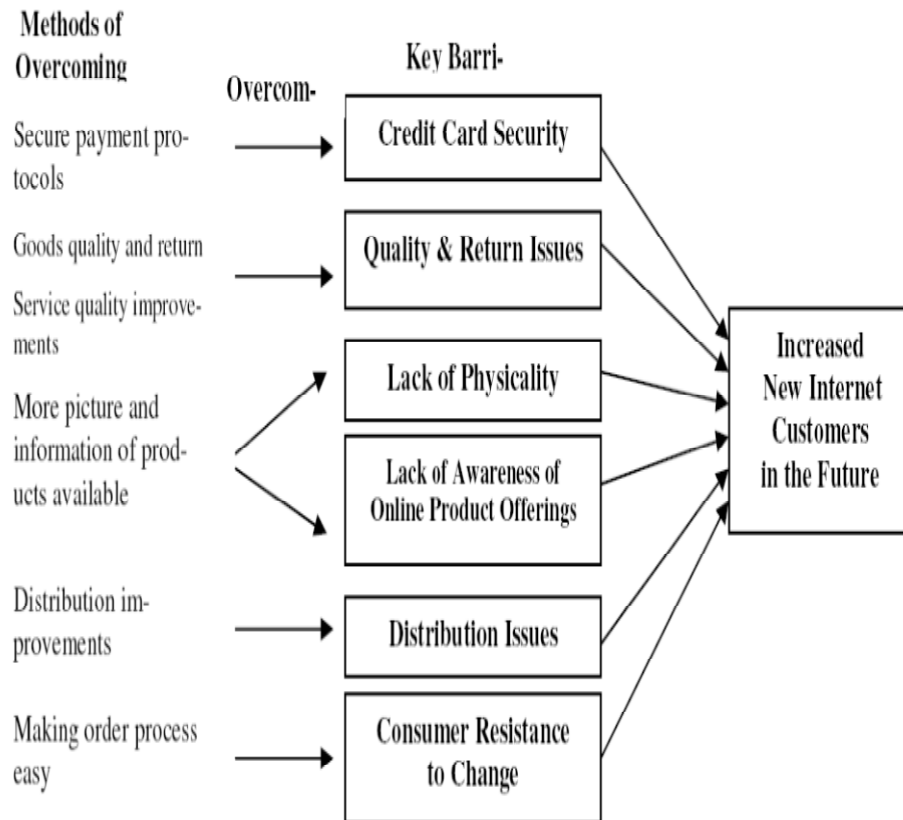
Increased
New Internet
Customers
in the Future

Figure 2: Motivating Internet Shopping

(Laermer & Simmons, 2007)