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E-COMMERCE ACCEPTANCE AND IMPLEMENTATION IN SAUDI ARABIA: PREVIOUS, CURRENT AND FUTURE FACTORS

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E-Commerce has transformed many businesses over the last several decades. Despite the fast growing economy, the rapid increasing internet usage and the strong purchasing power in Saudi Arabia, the evolution of E-Commerce remains unsatisfyingly slow in the country. The growth rate of E-Commerce in Saudi Arabia is inconsistent with the growth rate of its economy and internet penetration. Previous studies haveshown what factors motivate or inhabit the evolution of E-Commerce in Saudi Arabia. This paper is conducted to review and reexamine the factors reported in previous studies and to investigate new possible motivators and inhibitors to determine their impacts to the acceptance and implementation of E-Commerce in the country. A comprehensive web survey was designed and used to gather an in-depth understanding of the motivators and inhibitors of E-Commerce in Saudi Arabia, and have received 1021 valid responses from Saudi individuals. We identify the most common motivators and inhibitors nowadays, which are: privacy and security, government regulations, e-commerce awareness, prices and retailers' reputation as well as ongoing trends such as increasing usage of credit cards, declining demand of Cash-on-Delivery (COD), and increasing necessity of mobile commerce (M-Commerce). The impact of some of those inhibitors and motivators comply with previous research results, while some do not and a few of them are relatively new. The impact of mobile usage and social media resulted from our data analysis is also discussed.

Keywords: E-Commerce, Saudi Arabia, Social Media, Awareness, M-Commerce

INTRODUCTION

E-Commerce adoption and implementation in developed and developing countries have been carefully studied with focuses on consumer behavior and/or business issues. However, very little is known about the evolution of E-Commerce in Saudi Arabia. Recent studies (Alghamdi *et al.*, 2013a; Almousa, 2013; Khan, 2014) have reported factors that motivate or inhabit the evolution of E-Commerce in Saudi Arabia focusing on either businesses or consumers. This paper will review and examine the motivators and inhibitors identified in previous studies and will investigate new possible factors to understand their impacts to the acceptance and implementation of E-Commerce in Saudi Arabia nowadays and in the

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future. This paper will also focus on the E-Commerce implementation and adoption from the perspective of both consumers and retailers.

As an important economic growth factor, E-Commerce becomes vital for many businesses to remain in competitive markets. Therefore, having an online option for sales is dramatically increasing in developing countries. However, this expected increase is not applied to the E-Commerce in Saudi Arabia despite the fast growing economy, the rapid increasing internet usage and the strong purchasing power in the country. Several studies have indicated the slow evolution of E-Commerce in Saudi Arabia (Telecommunications Predictions 2014 Middle East, 2014; AlGhamdi *et al.,* 2011b; AlGhamdi *et al.*, 2012b; Almousa, 2013).

Khalidi *et al.* (2014) have recently reported that internet growth in the Arab World have increased significantly in the past decade to 400%. According to another report published by Sacha Orloff Consulting Group, computer and internet access for Saudis reached 65.8% of population (Orloff, 2012). The usage of mobiles among Saudi population has also outstandingly grown to 1.8, meaning for every 10 individuals there are 18 mobiles, to reach 95% of residents (Alsenaidy and Tauseef, 2010). The universality of mobile devices opens the door for companies to consider M-Commerce for online purchasing or at least for advertising their products. Similarly, there is also remarkable growth in social media usage in Saudi Arabia. Statistical reports and information graphics about social media usage in Saudi Arabia puts it in top of other countries in the region and the world (Schoonderwoerd, 2013).

The inadequate volume of research focusing on current issues conducted to study E-Commerce in Saudi Arabia and the lack of large assortment statistical reports create a chance for further research (Ahmad and Agrawal, 2012). Some common factors reported previously by other research may be diminishing nowadays. For examples,young people are gaining the readiness and awareness of E-Commerce; business and consumer culture behavior changes; Information and Communication Technology (ICT) infrastructure growth. In addition, some factors, such as social media and M-Commerce usage, could be considered for further studies. More research related to mobile and social media could result in more reliable findings (Orloff, 2012). Previous research related to E-Commerce in Saudi Arabia focusing on its adoption an implementation or inhibitors and motivators discussed common issues that may have less impact compared to our findings.

In this paper, we study the motivators and inhibitors of E-Commerce acceptance and implementation in Saudi Arabia. We explore the issues facing consumers and retailers to determine which motivators and inhibitors affect the most and to what extent compared to other research. We are also exploring several new factors, like social media impact, M-Commerce and mobile usage potentials as well as retail credit and gift cards, to determine the rate of their effectiveness on acceptance and implementation of E-Commerce in Saudi Arabia.

A comprehensive online survey was developed for our qualitative approach to gather Saudi consumer's perspective on E-Commerce and the survey was distributed by utilizing the social media. A preliminary result was presented earlier (Makki and Chang, 2014) to make sure our questionnaire is accurately capturing the intended

information among a smaller subset of target respondents. Here, we present a more comprehensive survey and data analysis using a much bigger set of target respondents.

LITERATURE REVIEW

E-Commerce acceptance in developing countries has been broadly studied. Those studies varied from focusing on general perspectives like social issues (Al-maghrabi *et al.,* 2011; Al-maghrabi and Dennis, 2010; Al-Maghrabi and Dennis, 2011; Al-Somali *et al*., 2009; Baghdadi, 2013; Karimov and Brengman, 2011) to particular perspectives like online payment methods, trust, government role and/or delivery systems (Aleid, 2012; AlGhamdi *et al*., 2012b; Alghamdi *et al.*, 2013a; Almosa, 2011; Almousa, 2013; Khan, 2014; Sait *et al*., 2004). Some studies focus on large regions (Middle East & Africa Telecommunications Insight - January 2014, 2014, Telecommunications Predictions 2014 Middle East, 2014, "MENA B2C E-Commerce report 2014," 2014; Aladwani, 2003; Bus, 2014; Ghanem *et al.*, 2013; Kassim and Abdullah, 2010; Khalidi *et al*., 2014), and some focus on specific countries like Saudi Arabia (Ahmad and Agrawal, 2012; AlGhamdi *et al.*, 2012a; Al-Hudhaif and Alkubeyyer, 2011; Almosa, 2011; Almousa, 2013; Brdesee *et al.*, 2012; Khan, 2014; Makki and Chang, 2014; Sait *et al.*, 2004).

E-Commerce adoption factors, implementation pitfalls, and demographics of internet usersin Saudi Arabia have been reported (Ahmad and Agrawal, 2012; Brdesee *et al.*, 2012; Khan, 2014). In this section, we provide a brief overview on those studies, and summarize the factors influencing the evolution of E-Commerce in Saudi Arabia accordingly. We then state the objective of our study and the questions to be answered for consumers in the country.

E-Commerce in Saudi Arabia

The evolution of E-Commerce practice begins in most developing countries in early 90's. The rapid progression on the number of E-Commerce transactions in developed countries has been noticed in the past decade (AlGhamdi *et al*., 2012a). Such practice is commonly acknowledged to be a factor of economic progression in developing countries (Al-Hudhaif and Alkubeyyer, 2011). It was reported that the global spending growth resulting from E-Commerce transactions reached around USD0.27 tn in 2002 significantly jumped to 10 trillion after a decade (AlGhamdi *et al.*, 2012a).

Some research and statistical reports illustrate significant growth of internet, mobile and social media usage in Saudi Arabia (Khalidi *et al*., 2014). Most of these studies focused on either the business perspective (Ahmad and Agrawal, 2012; Alghamdi and Drew, 2011; AlGhamdi *et al.*, 2012b) or the consumer perspective (Alghamdi *et al.*, 2011a; Almousa, 2013), and several studies focused on both (AlGhamdi *et al.*, 2012b; El-sofany *et al*., 2012). Additional works studied the business perspective only regarding to the acceptance of E-Commerce in Saudi Arabia (AlGhamdi *et al*., 2011a; Al-Hudhaif and Alkubeyyer, 2011; Alshehri *et al.*, 2012; Brdesee *et al*., 2012; Sait *et al*., 2004). For examples, Al-Hudaif and Alkubeyyer studied internal and external aspects of E-Commerce acceptance (Al-Hudhaif and Alkubeyyer, 2011). Brdesee, Corbitt, and Pittayachawan studied E-Commerce adoption in Saudi Arabia from a cultural perspective (Brdesee *et al.*, 2012). Almousa, Khanand Alshehri conducted research to profile online shoppers in Saudi Arabia (Almosa, 2011; Alshehri *et al*., 2012; Khan, 2014). An interesting report by Orloff discussed different factors related

to business, consumers, government and banks (Orloff, 2012). Several solutions, like *The Five-Part Conceptual Model* framework by AlGhamdi, Drew and Alhussain, among others are proposed (AlGhamdi *et al*., 2012a).

According to The Social Clinic report in early 2013 titled "The State of Social Media in Saudi Arabia 2012", Saudi Arabia ranked number one in the world for the number of daily viewed videos, 90 million, on YouTube. Similar number can be found in its next year's report "The State of Social Media in Saudi Arabia 2013" showing 90 million videos are viewed daily on an average of 7 videos per day for each Saudi internet user. Saudi Arabia also ranked number one in the world in Twitter with a growth rate of 3,000% from 2011 to 2012, and is still growing.This growing rate is 10 times more compared to the average global rate. Statistics also showed that there was an average of 50 million tweets per month in 2012 and 150 million tweets in 2013 in the country. Moreover, 2 million out of 6 million of Facebook users in Saudi Arabia only use their mobiles to access Facebook in 2012 and this number has increased to 5 million in 2013 ("The State of Social Media in Saudi Arabia 2012 | The Social Clinic," 2013; "The State of Social Media in Saudi Arabia 2013 | The Social Clinic," 2014). Some research results stated that internet and technology negatively inhibit E-Commerceacceptance and implementation in the country, which might not be accurate (AlGhamdi *et al.*, 2012a; AlGhamdi *et al.*, 2012b).

REVIEW SUMMARY

Here we summarize a number of factors influencing the evolution of E-Commerce in Saudi Arabia. There were some consensus among studies specifying inhibitors and motivators of E-Commerce in Saudi Arabia. Most agreed on a number of factors including but not limited to:

- Government regulations
- Delivery system
- Online payment
- Consumer trust
- Business and consumer culture
- Security and privacy
- ICT infrastructure
- Business systems integration
- Banks and credit cards issuance
- User readiness and awareness
- Institutional roles

Those inhibitors have been investigated with much variations in data collection (AlGhamdi *et al.*, 2011a; AlGhamdi *et al*., 2012a; AlGhamdi *et al.*, 2012b; Alshehri *et al.*, 2012; Khan, 2014). The essential issues that most researchers focus on are:

- Government Role
- Security and privacy
- E-Commerce regulations
- Payment methods
- Delivery systems

Although those issues are considered to be substantially obstructing E-Commerce in Saudi Arabia, some of them, like payment and delivery systems, may have been resolved. This paper will identify, and compare to previous research, the possible issues and to what extent they affect the adoption and implementation of E-Commerce in Saudi Arabia nowadays.

OBJECTIVES

The objectives of this paper is to answer the following questions in order to determine the motivators and inhibitors of E-Commerce in Saudi Arabia and to what extent:

- What are the most common aspects that positively or negatively affect the acceptance

and implementation of E-Commerce in Saudi Arabia?

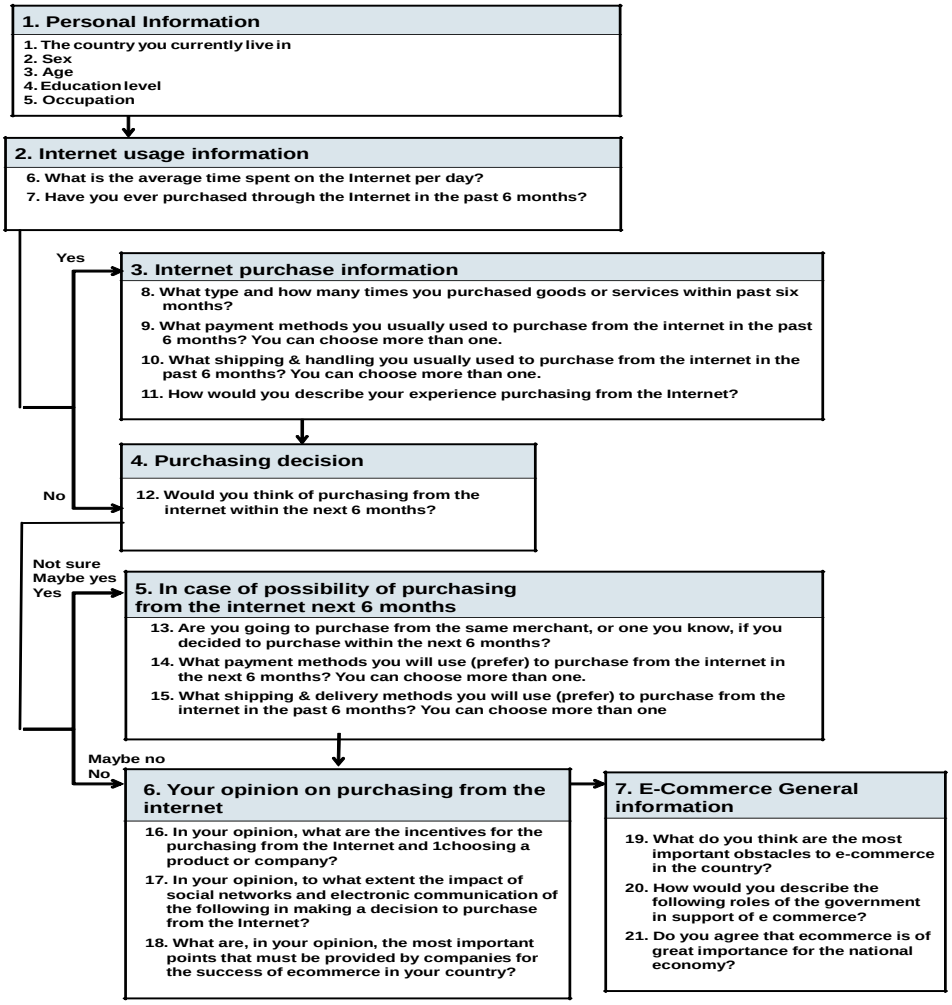
- Do inhibitors previously described by other researchers still have the same impact on E-Commerce in Saudi Arabia? And to what extent?
- Are there any new factors affecting E-Commerce in Saudi Arabia?
- Do mobile usage and social networking play a role in E-Commerce in Saudi Arabia? And in what aspects?

METHODOLOGY

Survey instrument

A qualitative approach is used in this study aiming to gather an in-depth understanding of the motivators and inhibitors of E-Commerce in Saudi Arabia. To accomplish this goal, we have developed an extensive online survey. Given the popularity of social media in the country, the survey was distributed to local Saudi Arabians using various social media. The total number of replies from local Saudis as the paper was written is 1021. The branching logic of the survey and the questions flow is shown in Figure 1.

Figure 1: Survey Branching Logic and Questions Flow (Answer Choices on Specific Questions Can Be Found in the Result Section)



Study Population Demographics

Demographic information complies with other research indicating most Saudi respondents, 75.7%, are young aged 18-35, shown in Table 1, and the majority, about 62%, are males (Almosa, 2011; Khalidi *et al.*, 2014; Khan, 2014; Simsim, 2011). However, the level of education,Table 2, and occupation, Table 3, answers do not comply with mentioned research. Previous research indicated that the majority of consumers have high school degree or less and are unemployed (Almosa, 2011; Simsim, 2011). Our survey results, on the other hand, show that 55.6% of respondents have a Bachelor degree and 55.8% are working (3.6% of them merchants) compared to 39.9% unemployed shown in Table 3, which is similar to a recent research (Khan, 2014). Perhaps the reason behind such diversity in results is time. Recent research like ours and Khan's indicate obvious change in consumer behavior, which will also reflect on other aspects such as payment and delivery methods discussed later in the next section.

Table 1: Ages of Survey Respondents

Age?	Responses	Percentage
Less than 18 years old	36	3.5%
18-25	323	31.6%
26-30	270	26.4%
31-35	181	17.7%
36-40	101	9.9%
41-45	59	5.8%
46-50	38	3.7%
51-55	5	0.5%
56-60	4	0.4%
Greater than 60 years old	4	0.4%
Valid Responses	1021	

Table 2: Education levels of survey respondents

Education level?		
Answer Options	Responses	Percentage
Less than High School	45	4.4%
High School	179	17.5%
High Diploma	81	7.9%
Bachelor	568	55.6%
Master	124	12.1%
Doctorate	24	2.4%
Valid Responses	1021	

Table 3: Occupations of Survey Respondents

Occupation?		
Answer Options	Responses	Percentage
Unemployed or a student	271	26.9%
University graduates not working	131	13.0%
Government employee	345	34.2%
A non-governmental employee	182	18.0%
Merchant	36	3.6%
Other	44	4.4%
Valid Responses	1009	

RESULTS AND DISCUSSION

The results from our survey show both anticipated and unanticipated findings. Internet access and usage result,as shown in Table 4, illustrates significant change in user'sbehavior compared to previous research. The average hours Saudis spent online for each type of deviceswas calculated by using the following formula:

$$\text{Average Hour} = \frac{(col1 * 2) + (col2 * 4) + (col3 * 8) + (col4 * 13) + col5 * 15)}{col1 + col2 + col3 + col4 + col5}$$

where col1 represents the number of responses who spent less than 3 h per day using different devices and so on.

Table 4: Average Hours Saudis Spent Online per Day

What is the average time spent on the Internet per day using various handheld devices?

Answer Options	1	2	3	4	5		
	Less than 3 hours	3-5	6-10	11-15	More than	Answer Count	Average Hours
Using cellphone	265	265	208	78	68	884	5.98
Using PC	454	185	78	20	11	748	3.61
Using tablet	374	75	27	10	12	498	3.16
Using other devices e.g. Smart TV	388	21	12	2	3	426	2.41

Table 5: Differences Between Used and Preferred Payment and Delivery Methods

Method	Preferred	Used	Difference
Cash-on-delivery (payment method)	50.7%	38.1%	12.6%
In person (delivery method)	41.5%	26.0%	15.5%
Credit cards (payment method)	47.2%	64.0%	-16.8%

Table 6: The Average Rate of Various Social Media Impacting Online Purchasing Decisions

In your opinion, to what extent the impact of social networks and electronic communication of the following in making a decision to purchase from the Internet?

Answer Options	1	2	3	4	5	
	Does not affect the decision	Some what influential	Influential	Very Influential	Main reason to buy	AverageRating
Instagram	109	104	171	199	115	3.16
Internet sites and forums	93	144	183	194	84	2.97
Twitter	139	129	212	150	68	2.84
Youtube	183	144	169	137	65	2.71
What's App	226	162	158	115	37	2.48
Facebook	257	155	156	84	46	2.44
E-mail	257	197	140	77	27	2.26
BB Messenger	346	146	126	56	24	2.23
SMS	315	195	110	57	21	2.13
Other	388	123	106	45	36	2.26

Table 7: Factors affecting E-Commerce in Saudi Arabia in the Past, Current and Our Prediction in the Future

Factor	Previous	Current (our results)	Future (our prediction)
Credit cards usage	Low (obstacle)	Increasing (not obstacle)	Will continue to increase
COD reliance	High (obstacle)	Declining (not obstacle)	Will continue to decline
Delivery methods efficiency	Low (obstacle)	High (not obstacle)	Should continue to increase
E-Commerce awareness	Low (obstacle)	Increasing (not obstacle)	Needs more to increase
Government support	Low (obstacle)	Still low (obstacle)	Unknown
Privacy and security protection	Low (obstacle)	Still low (obstacle)	No indication it will increase
Consumer trust	Low (obstacle)	High (not obstacle)	Should continue to increase
Social media role	No information	Increasing (not obstacle)	Will continue to increase
M-Commerce/M-Payment	Low	Increasing	Needs further research
Retailer gift and credit cards	No information	Low (obstacle)	Needs further research

Mobile use to access the internet significantly exceeds expectation by average of 5.98 h per day compared to 3.61 h using personal computers and 3.16 h using tablets. It was pointed out in an online article that the majority of Saudi Arabia and Indonesia users access the internet using their smart phones instead of personal computers (Schoonderwoerd, 2013). This implies that potential customers prefer to visit websites using mobile and tablets. Therefore, merchant websites should be mobile ready (responsive) and should not rely only on traditional web otherwise merchants could lose many potential buyers. The result also encourages merchants to have their own native mobile apps to reach out additional customers and to offer a more convenient way to shop online. This result coincides with several recent reports showing high increase in internet access from mobile devices (Telecommunications Predictions 2014 Middle East, 2014, "The State of Social Media in Saudi Arabia 2013 | The Social Clinic," 2014; Ghanem *et al*., 2013). This result, however,is different compared to another recent research indicating a low usage of portable devices in Saudi Arabia (Khan, 2014). Perhaps this is because Khan counted the number of times internet is used and from where (i.e., home, office or smart phone) per day while we counted daily hours from distinct devices.

Regarding the payment methods, the survey shows that 64% of respondents used credit cards to pay online if they had purchased online in the past 6 months, see Figure 2. CODis the second choice 38.1% followed by wire transfer28.3%. This result clearly indicates that the deficiency of credit cards is no longer a barrieras it was reported in previous studies (AlGhamdi *et al*., 2011a; El-sofany *et al.*, 2012). Bothpapers reported that lacking the trust when using a credit card as a payment method was the main reason of consumers not using it. Other studies concluded that the online payment is an extremely significant issue for both retailers and consumers (Alghamdi *et al.*, 2011a; AlGhamdi *et al*., 2011b;

AlGhamdi *et al.*, 2012a; AlGhamdi *et al.*, 2012b; Al-Hudhaif and Alkubeyyer, 2011). It was also described in these papers that the retailers were facingmany difficulties in working with local banks in obtaining online merchant accounts. However, our results, as well as several more recent reports, indicate that the use of credit cards as a payment method for online purchasing by Saudi consumers have been significantly increasing (Middle East & Africa Telecommunications Insight - January 2014, 2014, "MENA B2C E-Commerce report 2014," 2014; Ghanem *et al*., 2013; Khalidi *et al.*, 2014; Khan, 2014). Such result implies that Saudi consumers nowadays have better E-Commerce awareness and online merchant account regulation obstacles have also been resolved. Prepaid credit cards provide more security and trust since customers use them only when online purchasing is needed and by transferring a certain amount of money from their bank account to the prepaid credit card. The banks in the country, as a major key player in E-Commerce, have also realized the demand of prepaid credit cards, which is an interesting topic that needs further investigation.It was statedin a report that the number of credit cards issuance has increased lately (Saudi Arabia's Cards and Payments Industry: Emerging Opportunities, Trends, Size, Drivers, Strategies, Products and Competitive Landscape, 2014), but the rate of using them for online purchase should be further studied. The increased number of issued credit cards does not necessarily indicate that consumers will use them to buy online. Consumers need to be educated on how to use them for online purchase and how to safely using them. The government should also be involved in the process to enhance the trust of consumers, so they know that their credit card usages are protected by government regulation.

While considering a payment method preferred if purchasing online in the next 6 months, shown in Figure 2, a different result is obtained compared to the result for a payment method used in the past 6 months. For instance, COD is ranked highest preferred method in purchasing online the next 6 months with 50.7%, while it is 38.1% in results for used payment method in the past 6 months. It is not a surprising result that the COD is ranked as the most preferred payment method in the next 6 months because of the culture and the behavior of Saudi consumers. Using COD provides an opportunity to consumers for physical inspections on items, which was also mentioned in a report by yStats.com in 2014 about business to consumer in the Middle East and North Africa ("MENA B2C E-Commerce report 2014," 2014) and other reports (Ghanem *et al*., 2013; Khalidi *et al*., 2014). However, merchants are trying to increase the reliance on credit cards for their convenience while reducing dependency on COD to avoid its issues, like extra fees for collection. The difference is also presented when comparing credit cards as a preferred payment method in the next 6 months (47.2%) with them being used as payment methods in the past 6 months (64%) as the most used payment method. This indicates that consumers are increasingly using credit cards as a payment method, yet they might still prefer COD unlike developed countries. The reason would be due to the culture of Saudi consumers, who lack trust and prefer to inspect goods before paying, but this is decreasing due to the increase of E-Commerce awareness.

Result for delivery methods used in the past 6 months, shown in Figure 3, indicates an unexpected increase of commercial postal services. Previous research reported that the

Figure 2: The Percentage of Used Payment Methods in the Past 6 Months Versus the Percentage of Preferred Payment Methods in the Next 6 Months

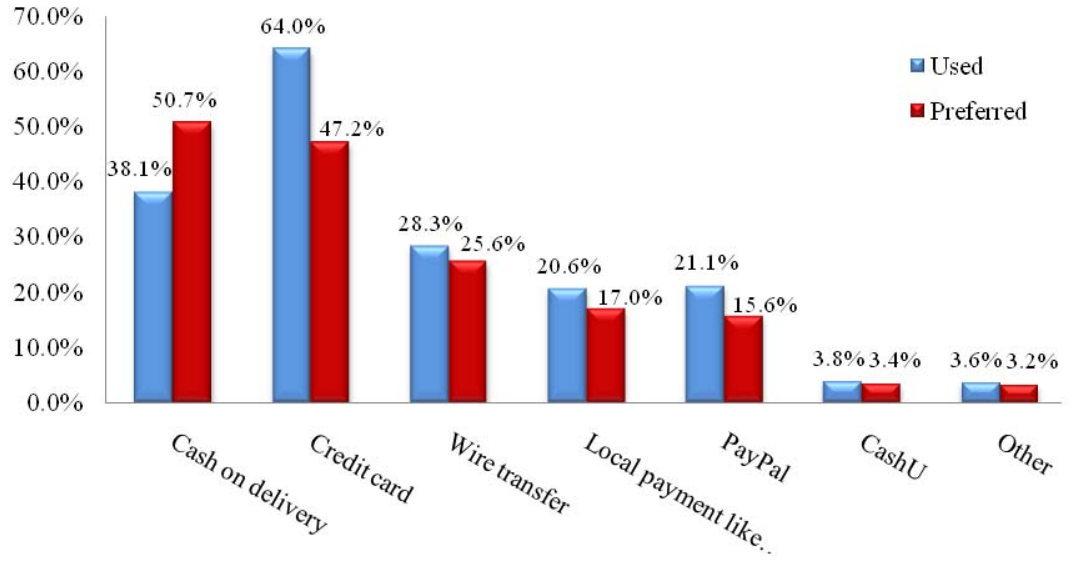
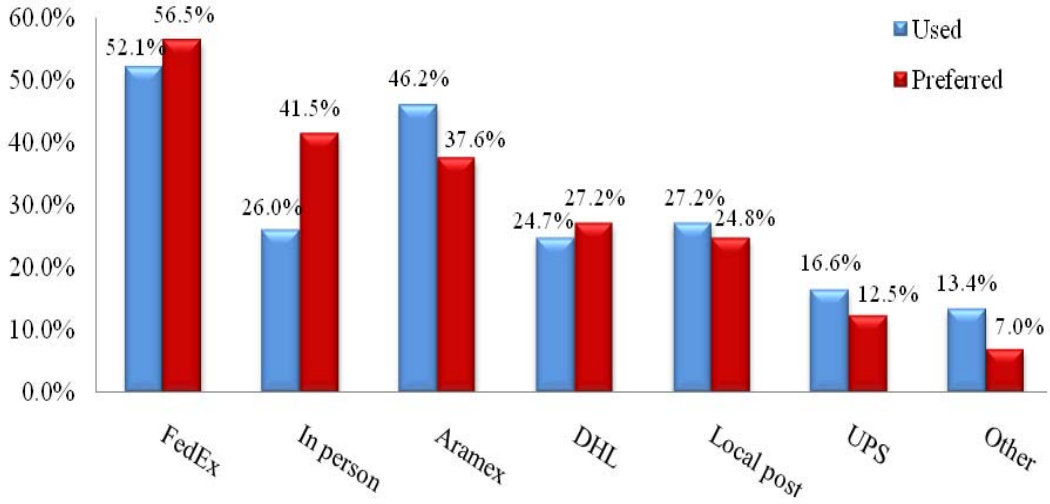


Figure 3: The Percentage of Used Delivery Methods in the Past 6 Months Versus the Percentage of Preferred Delivery Methods in the Next 6 Months



delivery system is a major obstacle(Aleid, 2012; Alghamdi *et al*., 2011a; AlGhamdi *et al*., 2011b; AlGhamdi *et al.*, 2012a; AlGhamdi *et al.*, 2012b; Al-Hudhaif and Alkubeyyer, 2011). However, our result shows that most delivery methods used by Saudi consumers are offered by commercial companies and not the local post. FedEx is the most used delivery service for E-Commerce in Saudi Arabia with over 52% followed by Aramex, an Arabic commercial delivery company (46%). Local post has 27% preference slightly higher than meeting face-to-face with sellers (26%). Merchants that offer delivery services via well-known and trusted companies increase the trust and motivation for consumers to purchase online.

The most preferred delivery method for consumers who are planning to purchase online within the next 6 months, shown in Figure 3, is FedEx (56.5%). It is also the most used method in the past 6 months by about 52%. This result clearly shows that FedEx is effectively supporting E-Commerce in Saudi Arabia. However, Aramex is not preferred (37.6%) as much as it is being used (46.2%) because it is less popular and professional than FedEx. The second preferred delivery method in the next 6 monthsis meeting in person (41.5%), but it is used in the past 6 months by only 26%. Although meeting in person is a time consuming approach for both merchants and customers, Saudi consumers still prefer such approach because of lack of trust. However, this may not apply to well-known retailers where consumers can go to the store directly using the shop-online and buy-offline approach.

To illustrate the cultural aspect of Saudi consumers related to E-Commerce, Table 5 shows the gap between used and preferred payment and delivery methods in the past and next 6 months. According to our results and other reports, the most prefer payment method by online Saudi consumers is COD. However, the use of this method in the past 6 months is lower than it is being preferred in the next 6 months by 12.6%. Several recent reports predict the decline of COD dependency and increase of credit card usage (Middle East & Africa Telecommunications Insight - January 2014, 2014, "MENA B2C E-Commerce report 2014," 2014; Ghanem *et al.,* 2013; Khalidi *et al.*, 2014). Similarly, meeting in person as delivery method has a gap of 15.5%. Both indicate that Saudi consumers still lack trust in other methods. On the other hand, credit cards are 16% used more in the past 6 months than they are preferred in the next 6 months as a payment method. This means merchants are offering credit cardspayment more than others as a preferred method with the reduction of COD reliance.

It was suggested by AlGhamdi *et al.* that well-known retailers should engage in E-Commerce offering credit cards as a payment method (AlGhamdi *et al*., 2013b). However, our suggetion is that retailers should offer gift, prepaid, or retailer award cards in addition to credit cards. We expect the gaps stated above will be reduced. We also suggest that merchants should clearly indicate an extra cost on consumer if he/she chose to use the COD method. Moreover, we believe that government should be more involved to reduce the lack of trust for online payment methods, and a regulation should be provided by the government.

The resultof social media and online communication impact on the decision to purchase online shows interesting findings, see

Table 6. We define and compute an average rate to estimate the impacts of various social media affecting the decision. The average rate for individual social media is calculated with the impact extents being weighted by one through five using the following formula:

$$\text{Average Rate} = \frac{(col1 * 1) + (col2 * 2) + (col3 * 3) + (col4 * 4) + col5 * 5)}{\text{Valid responses from each social media}}$$

The most influence comes from Instagram, an image sharing service, with average of 3.16 out of 5 followed by websites and forums 2.97 followed by other social media and communication services. Unexpectedly, E-mail and Short Message Service (SMS) have the least impact on Saudi consumers to encourage them to purchase online. Saudi consumers get plenty of advertising emails and SMS messages from many companies due to the weak privacy laws in the country. Yet, the impact of such messages to encourage consumers to go to their websites and buy is low. Not only companies are wasting time and money on such ineffective mass messages, they also hurt their reputation when consumers get the notion that they are spammed. It is recommended that retailers focus on social media and word of mouthrather than randomly distribute massive SMS and emails. This finding is coherent with the *Web 2.0, Social Networks and E-Commerce as Marketing Tools* report (Mata and Quesada, 2014) that suggests using social media for E-Marketing. In addition to E-Marketing and awareness, we also recommend using social media for E-Commerce itself as well, based on our result. Due to the significant increasing growth of social media usage in Saudi Arabia, it could play a key role in increasing the growth of E-Commerce in the country.

The majority of Saudi consumers we asked if they think that E-Commerce is important to the country's economy agree by over 64% (32.4% strongly agree and 32.2% agree).

FINDINGS SUMMARY

Based on the results of our study and in comparison toother previous works, we found changes in consumer behavior in different aspects, like online payment, delivery, mobile usage and social media. Table 7 summaries the common factors affecting E-Commerce in Saudi Arabia in the past, current and our prediction in the future. We found that there are several common inhibitors, such as credit cards and delivery systems, mentioned by previous research are becoming less obstructive to E-Commerce in Saudi Arabia. Consumers are increasingly using credit cards as a payment method and reducing their reliance on COD. Although the COD is ranked number one for the payment method in the future, we suggest that merchants should continue to promote the use of credit cards. Similarly, commercial delivery providers are being favored over local postal service playing a significant positive efficiency role. We encourage merchants to use such commercial delivery companies to increase performance and credibility. Social media could also be a key factor in the acceptance and implementation of E-Commerce in Saudi Arabia. Therefore, we suggest that merchants utilize one or more social media to increase the product awareness and gain the leads to their online shopping websites. The majority of Saudi consumers access the internet using their smart phones. Accordingly, we suggest that merchants should build their websites using a responsive design to fit various screen sizes and have their own native mobile applications.

CONCLUSION

This paper is conducted to determine the most significant inhibitors and motivators of the acceptance and implementation of E-Commerce in Saudi Arabia for both consumers and retailers and to re-examine previously identified factors. A comprehensive web survey was designed to gather an in-depth understanding of those motivators and inhibitors and data was collected from Saudi individuals.

The results from our survey show both anticipated and unanticipated outcomes. It was reported previously that credit cards and delivery systems were major inhibitors to E-Commerce in Saud Arabia. However, our results indicate that the use of credit cards as the payment method is increasing while the use of COD is declining. This is a major implication that the shift from offline payment to online payment is increasing. In addition, the usage of commercial delivery services, especially FedEx, is increasing and positively affecting the acceptance and implementation of E-Commerce in the country.

Major implications of the study are the factors that affect both consumers and retailers which are related to payment and delivery methods, prices and retailer reputation, security and privacy, mobile and social media, prepaid and gift cards and government's role. Survey results indicate social media's impact on E-commerce in Saudi Arabia continues to grow. Social media has higher impact on consumers' decision making than emails and SMS have. Social media, especially Instagram according to our results, can also be very effective in increasing E-Commerce awareness, product E-Marketing promotion and selling online. There is a new trend of using mobiles for payment, Mobile Payment (M-Payment), which will help the shift to using less offline payments depending on the massive mobile growth in the country.

In conclusion, some of the findings of this paper comply with other works when investigating the most influencing inhibitors and motivators of accepting and implementing E-Commerce in Saudi Arabia. However, there are other findings that do not comply with previous research such as payment and delivery methods. In addition, this study proposes other open opportunities for further research especially in the topics of COD, prepaid credit cards, social media, M-Commerce, M-Payment, retailer prepaid cards and gift cards.

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