

# Chapter One

## Introduction

### Background of the Study

The development of web technology has made a lot of chances for the advertiser and each one of those organizations which are engaged with the vertical condition to carry on their business base on site advertisement (Shu-Fen, 2008). With the quick development of the Internet and the globalization of the world, organizations have acknowledged and embraced new data and correspondence innovations in playing out their exercises, and it isn't just to help their customary exercises, yet in addition to helping those new open doors that have emerged, which comes primarily from the Internet. Electronic or online advertisement emerges among these chances. Most organizations built up their Websites which are reviewed as new channels for business exchanges and advertisement; in this manner, customers can make online purchases through the organizations' Websites as gave. They empower and enable organizations to get to the worldwide market at a low working expense. They additionally offer data at profundity, and to give customers electronic administrations (e-administrations) of predominant quality by methods for Internet intuitiveness, which has served to support up rivalry among organizations (Hongxiu Li and Reima Suomi, 2009; Sakalli, 2018).

Prior examinations talk about E-advertising and its foundation part which essentially alluding to buyer viewpoints and accordingly have charmed researchers to discover more about the attributes of customers. With this respect, numerous ideas have been made, for example, customer fulfilment, customer dependability, see of e-advertisement effectiveness, customer encounters, customer purchasing conduct, customer value, and others. In the meantime, the expanding number of online customers has made organizations change their structures with the end goal to consider both on the web and

virtual conditions. They have been attempting to recognize the most essential components (identified with customer-based issues) which may have potential effects and advantages to their organizations. Both gatherings of online purchasers and additionally vendors realize that utilizing on the web channels can facilitate the way toward obtaining and moving. Thinking about this imperative factor, numerous e-advertisers and organizations attempted to change their business base to the online methodology. They comprehended that the customary method for publicizing can't be the main method for catching their online customer, in this way, they have incorporated online advertisement through virtual condition and also their own site to show case their item and administrations. Consequently, the requirements for fitting advertisement for their specific administration and item has emerged, in this way make it necessary for them to get appropriate advertisement base on their objective market. (Akar and Nasir, 2015; Saadeh, Vaziri and Seyedjavadin, 2011; Su and Huang, 2011).

Many previous types of research have conducted a various study on the online conduct of customers toward advertisement in the online space. This research is about people's perception towards online advertisement and the efficiency and impact of advertisement on customer purchase intention (Hoffman and Novak, 1996; Novak et al., 2000). Numerous scientists have completed a considerable measure into internet shopping and retail conduct of customers (e.g. Noble et al., 2005; Overby and Lee, 2006). In these examinations, how e-advertisement could change and shape customers' inclinations and their patterns towards purchasing reasons for existing were researched. An extraordinary collection of studies has demonstrated that online item networks have such one of kind qualities and offices that we have in actuality to go a long way past examining into basic "Web surfing" exercises and consider a comprehensive idea which could reclassify customer's online network understanding (Nambisan and Watt 2011).

## Global E-commerce and E-advertisement

The concept of E-commerce has obtained close attention of those companies which are involved in online commerce and they are attempting to increase their target market based on this technology and by conducting right business strategy to gain reasonable target and by knowing this factor integrated the web-based advertisement. In the meantime, headways in data and correspondence advancements likewise empowered customer to utilize the web wherever and at whatever point they need. These elements prompted the wild development in online business exchanges as of late and it is anticipated that the advancement will proceed into the following year (Delafrooz, Paim and Khatibi, 2011; Ho and Dempsey, 2010; Sakalli, 2018).

The 21st century, the period of the knowledge economy, have seen businesses done over the internet, not just as a trend but as a reliable and continuing market-base. The following are some of the reasons that have attracted and drawn people to the online market: its all-day availability, the ease of reaching out globally, capabilities of dealing with and supporting orders of products or services, the instantaneous provision of information, the availability of multimedia attributes, the fact that fast changes can be enabled over the web, and last but not least its potential to be a multibillion profit source for businesses in the world (Haque and Khatibi, 2006). Saudi Arabia, as an Asian country, has already been engaged in the online space, and many people have been benefited by that. In 2017, UNCTAD directed a worldwide report to comprehend and benchmark the availability of nations to participate in online trade. Saudi Arabia positioned 46th out of 144 nations, and with a record score of 69, it is keeping pace with nations, for example, Italy and Russia and higher set than some bigger economies like India and China (see Figure 1.1).

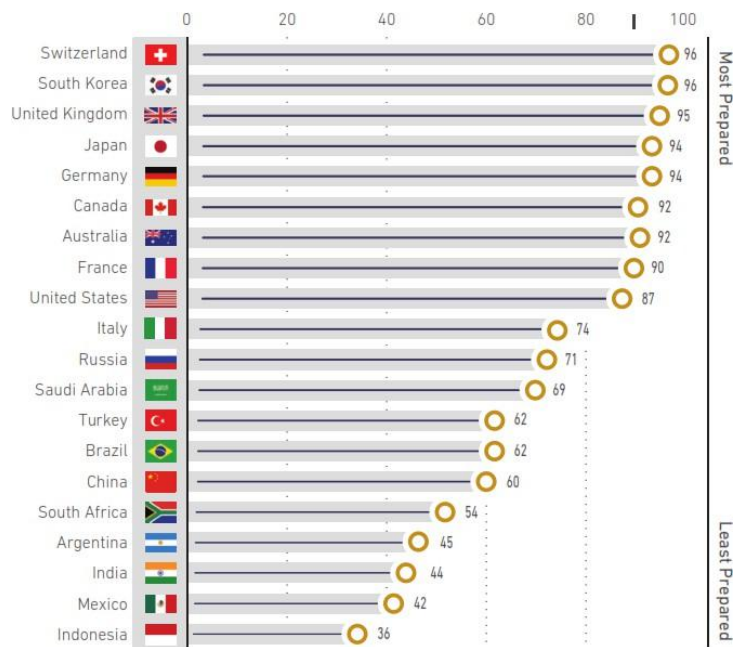
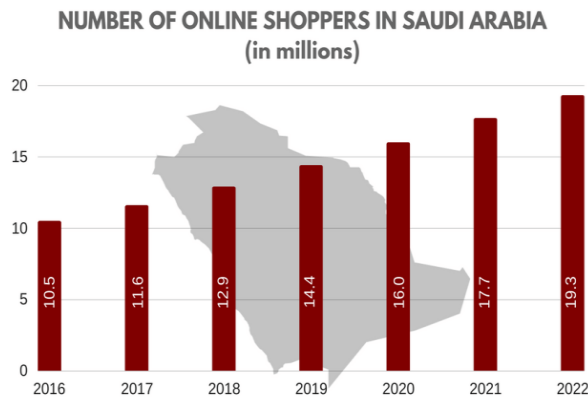


Figure 1.1: Saudi Arabia's B2C e-commerce Sector in the Global Context

Besides, according to the research done by an electronic marketer (Statista, 2018), there are at present 12.94 million e-commerce customers in Saudi Arabia, with an extra 6.34 million customers anticipated that would shop online by 2022 (Figure 1.2 below). Quite a while from now, these 19.28 million e-commerce customers will spend a normal of 487.70 USD on the web. Therefore, it can be safely assumed that activities of online marketing have lent weight in attracting the attention of consumers. As a result, the consumers must pay close attention of the growth in the online environment, especially on online advertisement due to the shift of customer from the traditional approach of purchasing to an online approach.



Source: Statista, e-Commerce Saudi Arabia, User in millions

eshopworld

Figure 1.2: Number of Online Shoppers in Saudi Arabia

The point of researches especially on the contribution they make to the Saudi Arabian environment where online buying or internet shopping is considered as a new prospect and consumers have little knowledge of shopping online (Ahasanul and Ali Khatibi, 2007). One good example is the increased growth in Asia. At the present time, Saudi Arabia has already invested billions of dollars to build its e-infrastructure to improve and fulfil the need to move Saudi Arabia technologically forward. Multimedia is used in marketing goods and services of local businesses. There exists an assumption that online marketing services could enable retailers to develop new markets by a suggested period of time through the feedback processes Nikhashemi et al., (2011).

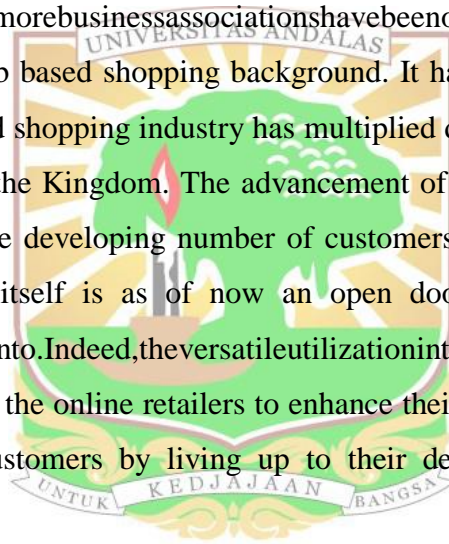
### Problem Statement

Web-based business is an advancing business sector (Constantinides, 2004; Sakalli, 2018). The quantity of retailers and the development in internet shopping has developed a focused market and consequently, it is fundamental for organizations to persistently build up their online action (Abadi, Hafshejani and Zadeh, 2011; Bringula, Moraga, Catacutan, Jamis and Mangao, 2018; Szymanski and Hise, 2000). At the point when organizations have the capability in web-based business, they can perceive potential territories for customer esteem development and draw in new customers through esteem making offers (Saeed et al., 2005).

With the end goal to make customer happy, it is of incredible significance for the organization to comprehend online buyers' purchasing conduct (Pui-Mun, 2002; Saeed et al., 2005) and in addition explore in which factors that influence the shoppers' online purchase intention (Ashraf, Thongpapanl and Auh, 2014; Constantinides, 2004; Hair et al., 2011). The fundamental purpose behind why online purchase intention is of such significance for firms is on the grounds that it is a solid indicator of a real online purchase (Aljarboa, 2016; Pavlou, 2003; Kim et al., 2008).

As indicated by Hong and Cha (2013), the web-based business organizations could expand the online purchase intention by endeavouring to enhance the customers' trust, Crespo et al. (2009) recommend this can be cultivated by fortifying trust in the exchanges. Hong and Cha (2013) further express that web-based business organizations could put endeavours to diminish the apparent hazard, because of the alleged significance of hazard decrease in online purchase intention (Crespo et al., 2009; Jadhav and Khanna, 2016; Pavlou, 2003; Sohail, Sayeed and Kaleemuddin, 2007). As per Hsu et al. (2014) further research is required about trust and saw a hazard, given their demonstrated significance on online purchase intention. Research is likewise required about other related factors with the end goal to pick up a richer comprehension about internet business and customers' online purchase intention (Forsythe and Shi, 2003; Thamizhvanan and Xavier, 2013). Childers et al. (2001) and Wann-Yih and Ching-Ching (2015) proposes all the more explicitly that customers' shopping delight, the apparent joy of utilizing a site, needs further examination, since shopping pleasure has all the earmarks of being identified with buyers' online purchase intentions (Im and Ha, 2011; Sakalli, 2018; Wann-Yih and Ching-Ching, 2015). Yu-Hui and Barnes (2017) are in concurrence with Pavlou (2013) that other related factors in online purchase intention ought to be analysed and propose that the website plan quality is by all accounts an essential factor. It seems, by all accounts, to be an absence of past investigations that have tried these distinctive asserted critical elements, trust, saw the chance, shopping satisfaction and website structure quality and their relationship to buyers' online purchase intentions.

Besides, the multiplication of web based shopping on account of Saudi Arabia has been given accentuation in an assortment of writing. For example, in crafted by Assad (2017), the author takes note of that the development of industrialism in the nation can be considered as a noteworthy impact on the unmistakable quality of web based shopping, and different features of business activities that are viewed as being affected by different neighbourhood and worldwide variables. However, e-advertisement in Saudi Arabia seems not favourable, whereby internet users are not that familiar with the tool. As per Sait, Al-Tawil and Hussain (2018), on account of Saudi Arabia, it cannot be denied that it appreciates an abnormal state of innovative ability, which, as the author distinguishes, is a noteworthy reason on why more business associations have been occupied with furnishing their customers with a web based shopping background. It has been noted also by the said author that the web based shopping industry has multiplied due to its capacity to adjust to the societal structure of the Kingdom. The advancement of web based business in Saudi Arabia is set apart by the developing number of customers of web based life and other online stages. This by itself is as of now an open door that web based shopping organizations can wander into. Indeed, the versatile utilization in the nation is distinguished to be high, in this way rousing the online retailers to enhance their administrations and to drive the fulfilment of the customers by living up to their desires (AlGhamdi, Drew and Alhussain, 2012).



As such, the young generation and working consumer might use with it, but there is still lacking for those who stay in an area with a lack of infrastructure (limited coverage etc.). Furthermore, the internet rate is quite high especially for Saudi Arabian who cannot afford to subscribe, thus any such e-advertisement in their purchasing perspective. Besides that problem, Saudi Arabian are also aware and do not really trust online business because of these security wise. For them, it is not that secured to disclose your personal detail via the internet. These are the problems found related to the study.

In spite of the fact that the development is huge in internet shopping in Saudi Arabia, logical comprehension of the customers' online purchase intention in Saudi Arabia is inadequate. In spite of the fact that, the picking up ubiquity of internet shopping among the

business associations and at the same time among the customers pulled in bunches of researchers to investigate, portray the idea of web based shopping, to examine the difficulties and open doors for the business association, issues and advantages for the buyers, and online customer (e-purchaser) conduct, the territory stayed under looked into especially in the setting of Saudi Arabia. Thus, it is essential for e-retailers to comprehend the elements that may impact the choice of the customers in shopping on the web. This study tries to fill this current research gap by observationally discovering what factors are essential for them that influence in purchasing on the web in the setting of Saudi Arabia.

### **Research Question**



The primary inquiries that the examination will answer are;

- i. What is the relationship between attitude towards website design and customers' online purchase intention in Saudi Arabia?
- ii. What is the relationship between information quality and customers' online purchase intention in Saudi Arabia?
- iii. What is the relationship between the influence of social networking and customers' online purchase intention in Saudi Arabia?
- iv. What is the relationship between perceived risk and customers' online purchase intention in Saudi Arabia?

### **Research Objectives**

The fundamental objective of this examination is to distinguish the effectiveness of e-advertisement on customers' online purchase intention in Saudi Arabia. Therefore, the objectives are:

- i. To investigate the relationships between attitude towards website design and customers' online purchase intention in Saudi Arabia.



- ii. To examine the relationship between information quality and customers' online purchase intention in Saudi Arabia.
- iii. To explore the relationship between the influence of social networking and customers' online purchase intention in Saudi Arabia.
- iv. To discover the relationship between perceived risk and customers' online purchase intention in Saudi Arabia.

### **Significance of the Study**

The motivation behind this examination is to ponder the job of web and effectiveness of e-advertisement towards customer purchase intention in Saudi Arabia. In this examination, an exceptionally modern structure has been led to make sense of how the nature of the site, interpersonal organization and the acknowledgment of brand which were reconsidered under the extent of shopper conduct can effect on the attitude of online customer and effectiveness of e-advertisement. The other exceptional part of this investigation is to make sense of how the demographic factors such as gender, salary level, age and education will effect online customer discernment towards advertisement and effectiveness of e-advertisement. This investigation expects to follow the commitment of every one of these variables toward customer purchase intention dependent on the effectiveness of the advertisement.

As to difficulties confronting the internet shopping, it is exceptionally noteworthy that customer's trust is immovably settled so customers will feel good and certain about having exchanges with an online element. This has a few hidden variables, for example, security and protection. The dissensions broadcast by the customers are for the most part centred around how their desires were not met by the administration they have gotten. This clarifies why online retailers go to incredible endeavours to recognize the elements that can expand e-customer fulfilment and, in the meantime, to reinforce their believability as merchants.

The discoveries of this examination will be helpful to the government in approach setting and control. The investigation will give more knowledge on online promotion rehearses grasped by different associations and how they have affected to them both emphatically and contrarily.

Besides, people involved in the online business will profit by this investigation since they will see how electronic advertising impacts customers. What is more, it will give more learning on difficulties confronted while actualizing these practices.

Finally, researchers will likewise profit by the discoveries of the examination. It will give more learning on the commitment of electronic advertising to customer retention. Furthermore, future scientists will take in more about the hypotheses that help the examination, their significance and application in the field of advertising. The discoveries of this examination might also be utilized as a stage for further research.

### **Outline of the Thesis**

This study will be divided into five chapters, starting with a few sections which include the background of the study, a discussion on current scenario in Saudi Arabia, the problem statement, development of research questions, research objectives, a discussion on the significance of the study as well as the outline of the study.

Chapter two of the study continues to discuss the theoretical framework to be implemented in this study, namely the Theory of Planned Behavior. Furthermore, in this chapter, the proposed model in this study will also be discussed followed by all four independent variables in detail and the linkage between the variables for hypothesis development.

Chapter three is the research methodology where it is considered to be a vital part since it demonstrates the point-by-point strategy used in this research. The methodology

discussed in this part incorporate the methodology, research approach, research paradigm and sampling procedure, deciding the sufficiency of the sampling size, data collection technique and data analysis.

Chapter four discusses the details of the analysis. This study uses SPSS to analyse the data collected from the questionnaire. Data analysis chapter includes frequency analysis, demographic analysis, and reliability and validity analysis, data analysis as well as hypothesis testing.

Last but not least, chapter five will be discussing the results found in chapter four. Due to this, it includes discussion, conclusion, limitation of the study, and recommendation.

