

Chapter 33

Online Shopping in the United Arab Emirates: User Web Experience

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ABSTRACT

The aim of this paper is to empirically explore the perception of a group of United Arab Emirates (UAE) web users towards e-commerce transactions, study their willingness to trade online, and isolate factors that drive these users towards purchase decisions. The study finds that web users largely use functional characteristics to assess the effectiveness of e-commerce websites, and are driven towards online purchase decisions by factors such as greater security, better value, and convenience. Overall, web experience was defined by the users in terms of three main dimensions; website features, credibility and trust, and transaction value. Practitioners can use these findings to improve their websites and online offers to better serve this market. The paper fills an identified gap in the literature by investigating the perceptions of the UAE web users, and makes a contribution towards studying the concept of online shopping in this region.

INTRODUCTION

Many firms, across the globe, have recognized and adapted to the growing need of incorporating electronic means to conduct and expand business functions. From being a mere source of information, today the Internet has evolved into a far-reaching communication medium and an interactive trading zone. The Arab World has also succumbed to this growth trend, demonstrating progressive readiness towards electronic commerce (e-commerce) transactions (Shalhoub, 2006) and baring the highest Internet penetration rates (“Middle East Internet Usage”, 2012). Particularly in the United Arab Emirates (UAE), with a steady increase in the number of broadband Internet subscribers, the concept of virtual stores

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has established a firm hold and is forecasted to last long (Chowdhury, 2010). As is the case for every growing industry, it is important to accurately assess the consumers' perceptions and the dynamics of buyer behavior; especially when information technology is believed to have long-term effects on the economy's performance and carries extreme profit potential.

One of the most comprehensive studies on the e-commerce market of the UAE was conducted in the year 2011 by GoNabit; a former social commerce website in the region. The survey reported an extremely positive attitude towards online shopping, where the majority of respondents expressed their willingness to shop online when they found it to be cheaper and more convenient (Seksek, 2011). Similarly, a blog by Go-Gulf.com (2013) estimates that business-to-consumer (B2C) e-commerce sales in the Arab World would reach \$15 billion by the year 2015, marking a 25% increase over three years. More recently, an e-store based in Dubai (Jadopado.com, 2013) released findings of a survey involving 2,052 residents of the UAE, where more than 80% of the respondents planned to shop online in the coming year. Such favorable user perceptions and positive behavioral intentions explicitly define a successful present, and forecast an even more profitable future, of e-commerce in the UAE.

However, the few published findings from nation-wide surveys conducted by government authorities suggest otherwise. In the UAE, the developments in and use of Information and Communication Technology (ICT) is periodically assessed by the country's Telecommunication Regulatory Authority (TRA), for both businesses and households. The ICT Business Survey (2011) reported that 92% of the companies in the UAE have an Internet connection, and 70% have their own websites; however, only 5% of these firms engage in online sales. Additionally, the ICT Household Survey (2012) notes that, while 72% of the population has access to the Internet and 58% use it to search for product information, only 16% choose to purchase products or services online. Similar findings were made by Salem and Alshaer (2013) in their study across 21 Arab countries, including the UAE. In view of the increasing investments in ICT, the indication that the UAE web users are unwilling to shop online can be detrimental to the projected success of this multi-billion-dollar industry.

Considering that the World Economic Forum (2013) ranked the UAE highest on B2C Internet usage across the Arab World (21st overall), the reluctance of the UAE web users to shop online needs to be assessed, and forms the focus of this study. The aim of this paper is to empirically explore the perception of web users in the UAE towards e-commerce transactions. The paper also aims to isolate causes that drive users towards online purchase decisions and identify any factors that may hinder the same. More specifically, the study would:

1. Explore the willingness of the UAE web users to shop online.
2. Identify the factors that positively and negatively influence the web users' online buyer behavior.
3. Study the perception of these users towards online shopping and the local e-commerce websites.

The paper proceeds as follows: a review of literature is presented to understand the theoretical concepts behind online consumer behavior, and to summarize the findings of similar studies done in the past, especially in the Arab World. This is followed by the description of research methodology and the approach for data collection. Next, the major findings of the study are analyzed to address the research objectives, and the results are discussed in light of existing literature. The paper concludes with a presentation of the study's limitations and areas for future research.

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