Social Commerce in Saudi Arabia: A literature review

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Abstract

In the last few years, the use of social networking sites (SNSs) increased and dramatically involved in our daily life activities. Users reliably communicate and share information through these SNSs such as Facebook, Twitter and Instagram. The popularity and reliability of SNSs introduced social commerce (s-commerce) as a novel business manner (model). S-commerce consists of SNSs and commercial activities, which enable individuals and companies to perform businesses. SNSs along with Web 2.0 tools support online interactions in exchanging information of products or services, buying and selling and create higher economic value. S-commerce was introduced in 2005 as a subset of traditional electronic commerce (e-commerce) and then has adopted quickly in many countries. According to the Saudi ministry of commerce and investment, Saudi Arabia (KSA) is recognized as one of the top 10 countries in the growth of e-commerce in the world. The growth rate is exceeding 32% during 2018. This paper conducted a literature review of s-commerce in KSA by reviewing, systematic analyzing and summarizing all previous studies related to s-commerce. This review presents the current factors that affect s-commerce in KSA.

Keywords: Electronic Business, Social Networking Sites, Electronic Commerce, Social Commerce, SC, Saudi Arabia, and KSA.

I. INTRODUCTION

Recently technology has been enhanced rapidly, it becomes an important part of individuals’ life. From the business side, the insertion of technology moved the business transactions to be performed electronically. The term of electronic business (E-business) emerged due to the growth of technology usage. It defined as “the carrying out of business activities that lead to an exchange of value, where the parties interact electronically, using network or telecommunication technologies”[1]. Another researcher defined “e-business firm as one that derives a significant proportion (at least 10%) of its revenues from transactions conducted over the Internet”[2]. And many previous research papers present the idea of e-business by using telecommunications tools to decrease operational costs[3, 4]. E-business consists of a process called Electronic Commerce (E-commerce) exists a wide variety of conceptualizations. It is the “use of electronic transmission mediums to engage in the exchange, including buying and selling, of products and services requiring transportation, either physically or digitally, from location to location”[5]. E-commerce can be also defined as “the sharing of business information, maintaining business relationships and conducting business transactions by means of telecommunications networks”[6]. Today many of businesses’ owners moved to use the social networking sites (SNSs) which “enable individuals to simultaneously share information with any number of peers”[7]. SNSs represent a “category of Internet applications that help connect friends, business partners, or individuals with specific interests by providing free services such as photo presentation, e-mail, blogging, and so on using a variety of tools”[8]. Thus, there are many SNSs such as Twitter, Instagram, and Snapchat. Which called social media technologies in some cases. It allows business to generate the preferences and characteristics of users for the marketing and decision-making [9]. Therefore, the combination of SNSs and e-commerce yielded the term social Commerce (s-commerce), which is “an online mediated application combining Web 2.0 technologies”[10]. It also “referred to as the execution of e-commerce activities and transactions through the social media and web2.0 software” according to [11]. It involves the using of Web 2.0 social media technologies and the utilizing of Web 2.0 in e-commerce [12, 13]. Lately, s-commerce becomes the trending of e-commerce due to a large number of social media users and participants where the users can interact and contact with each other [12, 14]. Moreover, SNSs allow consumers to search for product information, share comments or experiences, make decisions based on others’ reviews, and write recommendations[15]. Based on several factors such as advanced infrastructure, lows and regulations, and strong purchasing power, Saudi Arabia (KSA) is considered one of the 10 biggest worldwide markets in e-commerce based on the report of the ministry of Saudi commerce and investment [16]. The ministry of Saudi commerce and investment also supported the field of s-commerce by issuing Maroof service that helps business’ owners to document their electronic stores. This
service benefits all dealers of this e-commerce, either sellers or buyers and enhancing the trust between buyers and sellers[17]. Another goal of this service is to increase the quality of individuals’ life, which is one of the goals of the 2030 vision in KSA[18]. Thus, this research paper is devoted to present the current state of the art of s-commerce in the Saudi market and factors that affect the intention of business owners to conduct s-commerce activities through different SNSs. This research is confined by the presented scope in figure 1.

In this research work, 20 papers have been selected and discussed which covered all the published scientific research of s-commerce in KSA.

**Figure 1:** The Scope of Research Paper.

To ensure the validity and reliability of this research, a systematic review process was followed, refer to Figure 2.

**Figure 2:** Selection and Exclusion Procedures.

Firstly, the search process for the main keywords used in this research start by using Google Scholar. The keywords used as “Social Commerce”, “SC”, “social technology”, “social networking”, “Saudi Arabia” and “KSA”. As the s-commerce research field is quite recent, the publications’ time frame started from 2005 to 2019, because the term of s-commerce was firstly introduced in 2005 by Yahoo and appeared in the academic articles in 2006[19]. Secondly, since the researchers’ goal is to specify the study on the Saudi market, so all research papers are related to s-commerce in KSA. This paper is divided into four sections containing the current introductory section, which gives an overall view of this research. The remaining sections organized as follows: Section 2 reviews the state of the art of s-commerce and identifies the knowledge gap in the literature. It sheds light on the related literature review regarding s-commerce in KSA. In section 3 we introduce the discussion of the findings of this research. Section 4 presents an overall conclusion of this research. It provides a summary of the contributions this research has and presents some concluding remarks, the limitations of this study, suggestions and some possible work for future research.

**II. RELATED WORK**

In this section, the researchers are going to provide the current state of the art of s-commerce in KSA in the context of e-commerce.

The first published paper about s-commerce in KSA was by Alabduljabbar, R.O. and A.A. Mirza [20], which conducted in 2011. They aimed to investigate factors affecting online marketing success across social networks (SNs) in KSA based on the reasons that attract the marketer in SNs in Europe and the US. SNs have many followers and rich personal information, which attract the companies to make a profit that increases recommendation in product sales and build a direct relationship with customers to better understand their needs. Subsequently, the authors justified chose of KSA as a case study due to the following. First, the statistics showed that 31% of the inhabitants KSA are non-Saudis that makes KSA has a multicultural society. Second, online business in KSA has a promising future. According to a survey conducted by the Saudi Communication and Information Technology Commission (CITC) in 2010, 35% of respondents were buying products via the Internet. Finally, the usage of the Internet and SNs in KSA has increased, according to Facebook the number of users in KSA is 3,856,920 as of May 17, 2011, whilst they were 2,267,060 users as of May 2010.

Askool, S.S. [21] published a paper in 2012 focused on individuals in KSA to measure how cultural affecting their motivation and uses of social media. The author have defined the attraction elements of using social media such as connection, communication, participation, and collaboration. A survey conducted for Saudi individuals and the result showed that culture was the factor affecting technology usage. Subsequently, the result displays Saudi individuals preferred to build a relationship between businesses and family members. And also, the statistics showed that 87.6% of respondents are using social media to contact families and friends. Whereas the females are more cautious than the males because of the
cultural influences. Females using nicknames rather than full names and not sharing their photos on social media. This proves that cultural greatly affects society in KSA and the way they use social media applications. Therefore, business developers should focus on the tools that satisfy the cultural in Saudi society.

In [22], which conducted in 2013, AlGhamdi, E. and D. Reilly studied how the women entrepreneurs in KSA use social media to sell their homemade products. This type of business classified under Social Media Based Businesses (SMBB). The authors used online observational as a methodology for one year. They collected social-media data recording the interactions between customers with each other and with the seller by using web analytics tools. Collected data was used to examine women's marketing strategies when marketing their home-made products. In the other side, this paper illustrated that there is no doubt that Saudi women's participation in the business world has been so limited due to cultural barriers (i.e., family, government, and politics).

The research presented in [23] where Ahmad, A.-R. et al. determined the factors influence online purchases in KSA. Also, studied the relationship between internet usage and online buying. Based on an online questionnaire posted on Facebook and other social media. The authors identified the factors affect positively or negatively online buying which are: Delivery-related factors, Personal factors, Merchandise factors, and Post-purchase factors. Furthermore, the authors found that there is an association between daily time spent on internet and the frequency of online buying. Another association found between daily times spent on internet and the methods of buying.

Torki, L. and Rezaei, A. in [24] studied the impact of using s-commerce on selling products for companies in Al Baha, KSA. The authors defined assumptions to measure the impact as follows. (1) The relation between s-commerce users and motivate total sales on the companies. (2) The relation between s-commerce as a changeful tool with both the sales price presented to the client and the improving of sales services. (3) The relation between s-commerce as a changing tool and the sales price offered to customers. The authors disseminated a questionnaire to some organizations in the city to study the impact. Overall, the result indicated there is a strong and positive relationship with all the hypotheses, and there is an effect of using social media to promote sales in Al-Baha companies in KSA.

During 2015 Al-Husain, D. and A. Mirza [25] studied why small businesses in KSA use Twitter in their businesses and the effect after using it. Data were collected by using questionnaire disseminated via twitter to virtual shop accounts for quantitative data. In addition, open-ended questions for qualitative data was conducted. The result of the paper provided important insight into the usefulness of using Twitter in small businesses in KSA which are free ads, ease of use, job opportunity, marketing, increase sales, supplement income, and customer acquisitions. Whereas, there are only two negative impacts, which are customer fear of fraud and negative comments affect the company.

Abed, S.S et al. [26] examined the factors that affect customer acceptance of s-commerce technologies in the context of KSA. The factors described in this research include performance perception, predicted effort, social influence, hedonic motivation, habit, self-belief, consumer creativity, quality of information and behavioral intention. The researchers proposed a conceptual model through the use of unified theory of technology acceptance and use (UTAUT2). In order to study the objectives, the self-administered quantitative questionnaire method was used. The authors found these factors play a major role in KSA behavioral intent for consumer adoption of s-commerce technologies.

In [27], Kuppuswamy, P. and S.N. Rekha summarized the impacts of social media in KSA and their challenges. Also, they explained how the growth of social media improves the Arab lifestyle. This paper showed that the most significant influence of social media is on Saudi businesses and economic development. The social media develop the Saudi economy and business by providing a competitive opportunity to all companies’ accessibility. Thus, social media have become an important feature for many companies and change market concepts.

Additionally, in 2015 [28] Makki, E. and L.-C. Chang defined and explored the factors affected by social media in e-commerce and proposed new aspects for traders to help improve and develop their trade across KSA. The authors estimated that mobile usage will increase to be around 95% and e-commerce estimated to grow up to 52% in 2020. Therefore the authors published a survey to collect the Saudi consumer’s perspectives. The result showed that individuals preferred to visit websites by mobile devices more than using personal computers, so the merchants should focus on developing mobile applications. By measuring the number of users of SNSs it turned out that the most application used by females is Instagram and males are preferred Facebook. Consequently, each merchant should use the perfect application based on the targeted customer. Overall, these statistics indicate that 92.02% of the E-store used Twitter than Instagram.

The research in [29] by Abed, S.S. et al. conducted to determine the elements of social media in Small Medium Enterprises (SMEs). This to see the impact of these elements on the purchasers and their purchasers’ mode. The authors collected data by using a strategic called Content analysis of websites to analysis and identified different challenges on the World Wide Web. This strategy includes 5 steps, 1) write two main questions, 2) select 60 SMEs in KSA, 3) select type of analysis units, 4) training programmer and 5) examining the reliability of coding, and analysis the data. The results of the showed s-commerce helps companies trustworthy, improves customer uncertainty of online business, increases consumer's innovative and the quality of online information affects consumers' adoption.
Alghamdi, A. et al. [30] conducted a research work in 2017 to investigate the factors affect consumer’s intentions to adopting and using s-commerce in KSA. Factors such as regulatory, social and individual were selected and analyzed. The authors used the Theory of Planned Behavior (TPB) to study the relationship between consumers’ intentions and perceived abilities and skills required to use s-commerce. Sequentially, disseminated questionnaires through popular social media platforms in KSA. The results provided important insights about determining the impact of authority involvement on s-commerce adoption and investigated the effects of government involvement in s-commerce adoption. Furthermore, investigated the effects of various social and individual factors on intentions to use s-commerce.

Furthermore, in 2017 Salamah, N.H [31] investigated electronic marketing activities through SNSs and their role in enhancing projects for small businesses. A descriptive methodology and the sample collected using questionnaires from 147 small business project representatives in KSA. The researcher found that the majority of the small business projects were managed by females with a percentage of more than 67%. Furthermore, individuals with higher degrees at the university and cover 63% of the sample. In addition, a large proportion of the respondents agreed that they were dependent on marketing through SNSs. Attracting customers and gaining their confidence are the most influential challenges faced by small business projects.

In 2017, paper [32] conducted to check out the causes of intentions to purchase online over SNSs in KSA. By applying the extended UTAUT2 and data collected from 310 university students in KSA. This paper demonstrated the expectation of performance, the motivation of behavior, routines, price-saving attitude, social support, and social commerce constructs have a positive relationship with the intentions of behavioral. Also, this paper explained the theoretical and managerial implications. This paper demonstrated that user activity has a positive relationship to promoting conditions behaviors, and behavioral intentions while moderating effects of social factors (individualism/collectivism and avoidance of uncertainty). Finally, the study found that consumers in KSA took collective decisions and debated choices with others before making a purchase decision because they were collectivist society.

Beyari, H., A et al. [33] indicated to the links influencing the client experience concerning s-commerce. Data were collected using a survey of 372 Saudi students’ study in Australia and students’ study at the University of Business and Technology (UBT). Due to the small sample of the participant, the authors added the students living in KSA who have had experience with online purchases and s-commerce sites. The paper made use of a PLS application program. The result of the paper showed first, the Trust is the most effected hypothesis on customer satisfaction through Consumer experience and Social influence. The second strongest predictor is Word of Mouth Through Social influence and Trust.

Aldhahery, M., M.R et al. [34], conducted in 2018 aimed to explain the various factors that affect s-commerce acceptance and consumer behavioral intention to use online purchasing in KSA. The quantitative research methodology used to examine the trust, quality of website, recommendations and redirections of services and products that purchasing in SNS by subjective evaluation of behavior, points of view and attitudes of KSA people. The questionnaire was distributed on individuals who intend to use s-commerce in different cities of KSA. The result of this paper found that the hypothesis (H1) trust has the strongest influence on the behavioral intention of persons who buy online services, products and information. The result also showed that hypotheses (H2) and (H3) are perceived usefulness and recommendations and referrals have positive effects directly or indirectly on the behavioral intentions of online buyers. Similarly, the hypothesis (H4) quality of website has a significant affirmative impact on behavioral intention of purchasers.

Lately, paper [35] by Amro, A. at el. presented as a conceptual paper based on a wide overview of literature, articles, thesis, and books and research information obtained by participants’ conduct on KSA university. The literature review showed that all perceived utility and ease of use were instrumental in improving robust SNSs. This paper proposed a conceptual framework that shows KSA university students would be among the biggest beneficiaries of robust and efficient SNSs. It identified the relevance of these factors in KSA's emerging online market. Furthermore, this paper hypothesized that the relationship between attitudinal beliefs and purpose of s-commerce is mediated by trust, attitude and satisfaction.

Beyari, H. and A. Ahareshi [36], explained the importance of consumer satisfaction and its relationship to s-commerce in KSA. A survey paper conducted to measure the relationships between various factors associated with consumer satisfaction and its role in s-commerce. It applied to a total of 372 Saudi students studying at UBT University in Australia and in KSA to explore if there any differences in using s-commerce sites in these different countries. The used conceptual model consists of seven constructs, they are consumer satisfaction, social influence, information quality, reputation, transaction safety, trust, and word of mouth. Trust was used as a factor to examine other factors affecting consumer Satisfaction. The result of this paper presented that all the dimensions that affect trust and social influence, also have a significant impact on consumer satisfaction. The strongest factor which influences both trust and social influence is word of mouth variable. It also found that trust strongly affects consumer satisfaction in the context of s-commerce.

In [37] AlArfaj, A. et al. published a paper in 2019, focused on user behavior in the scope of s-commerce in KSA. The authors used qualitative data methods through conducting interviews and co-designer workshops with women entrepreneurs in the national fair organized by the Riyadh Chamber of Commerce and Industry. They found the entrepreneurs depended on popular social media such as WhatsApp, Instagram and Snapchat to exhibit and sell their products. The consumers
interact with social accounts through writing comments, tagging, liking and following. After that, the authors found that trust and social aspects are the most interest theme.

Paper [38] by Razi, M.J.M. et al. conducted in 2019, focused on the Y generation and millennial university students in KSA. This paper aimed to address the factors that affect students’ purchasing intention and their behavior of s-commerce. Firstly, the authors defined the s-commerce as “the online buying and selling activities initiated via social media (such as Facebook, Twitter, WhatsApp, etc.), which entails business transactions through either social media or other e-commerce sites.” Secondly, the authors presented the purchase behavior aspects such as closeness, familiarity, trust, enjoyment, commitment, and social presence. The data of this paper were collected by conducting an online questionnaire for 178 students. The result shows that students are interested in s-commerce, agreed with closeness and familiarity, purchase products and getting feedback from friends. Therefore, the business that interested in millennials should focus on s-commerce.

Recently in 2019, AlArfaj, A. A. et al. [39] investigated SNs platform frequently used by Saudis for a commercial purpose. According to them, these platforms do not provide any functionalities for trade activities (i.e. e-payment, order, and shipment tracking) and concurrently, they increasingly used for commercial purposes. Furthermore, the users' behaviors in Saudi social applications are not thoroughly studied; as a result of this gap, this paper tries to answer this unique phenomenon. The study was performed using qualitative methodology by interviewing 26 users. Thus, a trust mechanism with a design direction was proposed. The main finding of this study was that the social aspect increases trust and encourages users to conclude commercial transitions. A likely limitation of this study is that the size of the users being interviewed is significantly limited. Thus, any conclusion cannot be generalized for all of the users. Nevertheless, the work is recently published, which makes its results motivational and insightful for future research.

III. DISCUSSION

In this section, a discussion on current researches of s-commerce in KSA is presented. A total of 20 scientific papers are identified from 2005 to 2019, through a systematic and rigorous search. The papers are organized based on their timelines as shown in figure 3.

As the aim of this study is to conduct a systematic review of the literature on s-commerce in the context of KSA, the most important results of the previous studies are summarized and explained to present the current state of s-commerce in KSA, as listed in table 1.
Furthermore, as in figure 4 presented the main factors that effect on s-commerce to give a wide image of the strengths and weakness that influence the s-commerce in KSA.

Figure 4: Influencing Factors on S-commerce
**Table 1. Summary of the performance of ML algorithms**

<table>
<thead>
<tr>
<th>Results</th>
<th>Ref.</th>
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<tbody>
<tr>
<td>Cultural factor greatly affects society in KSA and the way used social media in KSA.</td>
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<td>Factors such as delivery-related, merchandise, personal and post-purchase that affects positively or negatively on online buying in KSA</td>
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<tr>
<td>SNs has a positive effect on promote sales at Al-Baha Companies</td>
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<td>Twitter has a positive and negative effect through sell products or services in small businesses in KSA</td>
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<tr>
<td>Performance perception, predicted effort, social influence, hedonic motivation, habit, self-belief, consumer creativity, quality of information and behavioral intention have played a major role in KSA for consumer adoption of s-commerce technologies.</td>
<td>26</td>
</tr>
<tr>
<td>The SNs affect the Saudi economy and business by providing a competitive opportunity to all companies, additionally change the market concepts.</td>
<td>27</td>
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<tr>
<td>SNs affect the growth of e-commerce in KSA.</td>
<td>28</td>
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<tr>
<td>S-commerce helps companies trustworthy and improves customer uncertainty on SMEs in KSA. Besides, the quality of online information in s-commerce affects consumers’ adoption in SMEs.</td>
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<tr>
<td>Determining the effects of authority involvement factor on s-commerce adoption and investigating the effects of various social and individual factors on intentions to use s-commerce.</td>
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<tr>
<td>The SNSs have a positive impact on marketing in small business projects in KSA.</td>
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<tr>
<td>Factors such as performance expectancy, behavioral motivation, habit, price saving orientation, social support, and social commerce have a positive association with online purchase intentions over social media websites in KSA.</td>
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<tr>
<td>The factors have great positive impact on s-commerce acceptance and consumer behavioral intention to use online purchasing in KSA which are trust, perceived usefulness, recommendations website and quality.</td>
<td>34</td>
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<tr>
<td>Mediated factors include trust, attitude, and satisfaction between relationship belief attitudinal and purpose of s-commerce.</td>
<td>35</td>
</tr>
<tr>
<td>Word of mouth has a strong effect on both trust and social influence in KSA. In addition, trust strongly affects consumer satisfaction in the context of s-commerce.</td>
<td>36</td>
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<td>Trust and social influence are the most interest themes on user behavior in the context of s-commerce in KSA.</td>
<td>37</td>
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<tr>
<td>Familiarity, purchasing products and getting feedback from friends are the most factors that affect purchasing intention of students in KSA and their behavior of s-commerce.</td>
<td>38</td>
</tr>
<tr>
<td>Social aspect increases trust and encourages users to conclude commercial transitions.</td>
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</table>

**IV. CONCLUSION**

This research presented the first literature review in the context of s-commerce in KSA. The main objectives of this research is to give insights by surveying and explaining the current state of the s-commerce in KSA. By focusing on s-commerce as most significant factors that have impact on consumers’ behaviour and decision-making. It is noticed that, less intention has paid by researchers to study the obstacles and strengths facing s-commerce in KSA where only 20 papers have been found in the literature. This encouraged us to enhance the literature by reviewing and summarizing all published papers. This research presented the strengths and weakness that can open further research directions. More to that, this research is focused on s-commerce in the Saudi market which may not apply in other countries. It is suggested for future research to include not only s-commerce in KSA but also in Gulf Cooperation Council due to the similarity in the level of infrastructure, common rules and regulations and geographical location as well. Another research direction is to select one of the popular SNs such as WhatsApp or Instagram and study its impact on the economy of KSA.
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