

THE UNIVERSITY OF HULL

**Challenges and opportunities of e-fulfilment  
operations in the Gulf Cooperation Council**

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## **ABSTRACT**

Electronic commerce (EC) in scholarship and practice has been richly discussed. Consumers' fulfilment is considered a potential factor for firms. EC involves different processes, from inbound to outbound, which have to maintain consistency of flow within the booming e-commerce market. As a result, the variety of tools employed has increased, such as omnichannel marketing and the use of smart phones. Logistics is considered one of the major stages that can support the process of EC and achieve consumers' fulfilment. This thesis explores the issues of electronic commerce fulfilment (ECF) in the five Gulf Cooperation Council (GCC) countries.

The extent of ECF in the GCC online market is little known, as is how logistics activities operate, how ECF models are assembled and why. Whether or not logistics activity is considered in a firm's strategy also remains a question for research. Therefore, this thesis investigates pure-player (PP) and multichannel (MC) firms and involves logistics service providers (LSPs) in the five GCC countries. A wide range of consumers from small and large cities across the five countries also contributed to obtaining information required to achieve the study's objective and contribute to knowledge. This study adopted a qualitative and inductive approach in using semi-structured interviews to collect data. Fifty-three participants (owners, managers, logistics managers, and consumers) were interviewed to provide an objective study aimed at making e-commerce better and more efficient.

This study finds logistics models are not considered a priority in a firm's strategy plan and cultural factors greatly affect e-fulfilment, such as when using another language during communication and delivery processes. Communication between firms and providers is also considered to be unclear. Furthermore, the business-to-consumer (B2C) segment is still not a target for most LSPs. Hence, policy plays an essential role, such as in banning the entry of lorries to a city or applying employment conditions when hiring citizen drivers, and has an effect on ECF. Mistrust emerged as a factor in the limited options for payment. For example, the cash on delivery (COD) method is strongly preferred by most consumers. Innovative solutions have not been provided as required by global LSPs, particularly in the cultural context, although some provision has been made, such as in the case of women not being allowed to drive in Saudi Arabia with imprecise postal system and delivery needs to be pre-arranged. Telephone numbers and shipment tracking are still not clear for firms and consumers, as telephone numbers are often incorrect, telephones are not answered and tracking is not available or is imprecise. As a result, the findings reveal eight themes grouped into three categories: logistics activity, purchasing methods and cultural effects and also proposes new models for ECF.

## **Dedication**

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## Related publications

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- Alotaibi, M., Grant, D.B. and Williams, T. “Electronic commerce e-fulfilment in Gulf Cooperation Council consumer markets,” *Proceedings of the 20th Annual Logistics Research Network (LRN) Conference*, University of Derby, September 2015, e-proceedings.
- Alotaibi, M., Grant, D.B. and Williams, T. “Investigating e-fulfilment in Gulf Cooperation Council business-to-consumer markets,” *Proceedings of the 20th International Symposium on Logistics (ISL) 2014*, Bologna, July 2015, eproceedings.
- Alotaibi, M., “Electronic fulfilment in the Gulf Cooperation Council,” *Poster Presentation at the 8th Saudi Students Conference*, London, January 2015.
- Alotaibi, M., An Investigation of Electronic Commerce Logistics Fulfilment in the Gulf Cooperation Council’ *The PhD Experience Conference*, Hull, April 17 and 18 2013, University of Hull, UK.

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## **Glossary of Terms**

### **GCCs**

The Gulf Cooperation Council countries alliance between six countries in the Middle East, Saudi Arabia, Kuwait, Bahrain, United Arab Emirates, Oman and Qatar.

### **PEST**

Political, Economic, Social and Technological analysis, being a macro tool to explore contexts in detail based on each segment. This study uses the PEST model to illustrate the context of GCCs in detail, using information related to the study.

### **GCCs agreement**

The six countries above approved a unified economic agreement in 1981 regarding trade and commerce in particular, although this study demonstrates that e-commerce agreements have still not been fully activated.

### **E-fulfilment**

Fulfilment is one of the key factors of the design and delivery process, making shipment easy and convenient, whether via click and collect or delivery.

### **LSPs**

Logistics service providers (LSPs) or (LSP) involvement in operations, defined as the *“relationship between a shipper and third party which, compared with basic services, has more customized offerings, encompasses a broader number of service functions and is characterized by a longer-term, more mutually beneficial relationship”*(Murphy & Poist, 2000)p121.

## Glossary of Abbreviations

(EC)	Electronic Commerce	
(ECF)	Electronic Commerce Fulfilment	
(ICT)	Information Communication Technology	
(GCC 's)	Gulf Corporation Council Countries	
(B2B)	Business to Business	
(B2C)	Business to Consumer	
(C2C)	Customer to Customer	
(SA)	Saudi Arabia	
(UAE)	United Arab Emirates	
(SCM)	Supply Chain Management	
(SMEs)	Small and Medium-sized Enterprises	
(SA)	Saudi Arabia	
(PP)	Pure Player (online store only)	
(MC)	Multi-channel (online + store )	
(LSPs)	Logistics Service Provider	
(E)	E-store	
(P )	Third Party Logistics Firm	
(C)	Consumer	
(e-fulfilment)	Electronic Fulfilment	
(COD)	Cash on Delivery	
(SAMA)	Saudi Arabia Monetary Agency	
(E-stores)	Pure Player & Multi-channel	

# Chapter 1: Research Context

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## **Chapter 1: Introduction**

### **1.1 Introduction**

This research discusses e-fulfilment in electronic commerce (EC) in the Gulf Cooperation Council (GCC) area, whose countries have a similar language, religion, and beliefs. Estimates of e-commerce in the market are that it amounts to approximately 7 billion \$. In addition, the number of Internet users has increased rapidly, to reach 60% in Saudi Arabia (SA). Hence, governments have invested heavily in e-government and the enhancement of EC, which led the researcher to investigate electronic commerce fulfilment (ECF) in GCC countries. This chapter illustrates the reasons for investing research in ECF and presents the three objectives assigned for this study. Further background of the study and context scope are provided, as they are needed to identify the current knowledge gap that exists. The chapter is structured in nine sections to illustrate the objectives of the study, followed by research questions designed to understand ECF deeply from different perspectives. Finally, the contribution of the research is presented from a knowledge perspective and a practical conclusion is offered structured in accordance with the thesis chapters.

### **1.2 Background of Research**

Electronic commerce (EC) began decades ago and has since been developed and discussed in detail by scholars and in practice. Technology has developed accordingly and rapidly. EC can be discussed from different aspects, such as business to business (B2B), or to consumers (B2C), or to government (B2G). EC is considered in the marketing discipline, from the marketing perspective and development of services, interface design and so on. Hence, e-commerce can be both inbound and outbound. The topic of electronic commerce (EC) is rich in research literature, and has developed since the 1990s. There are thousands of EC sites which provide a variety of services and try to achieve customer satisfaction, and there are major factors that enable emerging brands to have a competitive advantage and to be leaders in the market. The logistics and supply chain is considered to be one of the most important factors in EC services, logistics activity playing a crucial role in the EC process. This study will discuss EC from a logistics perspective and describe the EC process and fulfilment services. EC has grown rapidly and developed by enhancing new technology to provide high levels of customer service and quality. The development of EC involves different factors, the most important relying on physical elements and an effective supply chain. According to Mangan et al. (2008, p. 9), "Logistics involves getting, in the right way, the right production, in the right



quantity and right quality, in the right place in the right time, for the right customer at the right cost". Fulfilment services consider the critical process for pure players (PP) and multi-channel (MC) firms. In developed countries, this started many years ago, and some developing countries could save time by applying this past experience and conducting successful experiments with regard to certain factors, such as culture and infrastructure. This study will focus on electronic commerce fulfilment (ECF) in Gulf Cooperation Council (GCC) countries to explore the e-fulfilment process in both pure player and multi-channel firms from a local and global perspective. Exploring the GCC market required the use of an interpretivist paradigm and a qualitative approach to gather in-depth information about the e-fulfilment phenomenon, using a semi-structured interview method, in which pure player and multi-channel managers were asked to answer research questions about which EC fulfilment activities were being undertaken, how logistics activity had progressed, and if cultural factors affected e-fulfilment services for local or global orders (Alotaibi, 2014a).

Operations discipline involves the outbound phase, which is an essential stage of the process. Moreover, the logistics perspective is the rock of the operation and involves several stages. Marketing and logistics combine as five Ps (explained in detail in Figure 4), which are place, process, procurement, planning and products (Grant, 2012). E-commerce logistics have been discussed by scholars according to different single aspects. Sectors in the same industry, whether grocery or non-grocery, for example, have been discussed based on online stores or multi-channel platforms. E-commerce logistics has been studied by Bask et al. (2012), and a review of 188 articles on e-commerce logistics yielded 81 studies from 2002-2009. Bask et al. (2012) opened a new window for research, in which e-commerce logistics needed to be considered from a non-grocery point of view, and an in-depth study of cooperation between stores and providers carried out. In addition, some scholars recommend that EC logistics should be studied covering a wide range of retailers and segments (Al-Nawayseh, 2012;(Lang & Bressolles, 2013). E-commerce logistics is an essential part of EC operation, Jeff Bezos stating that, "The logistics and the customer service – the non-glamorous parts of the business – are the biggest problem with e-commerce. A lot of these companies that are coming online spend all their money and effort building a beautiful website and then they can't get the stuff to the customer" (US News & World Report, 1999; Cho et al., 2008). Therefore, this thesis tries to fill the gap by answering some of the questions that arise based on GCC countries in relation to e-fulfilment.

### **1.3 Research Context**

This study was conducted in five of the countries in the GCC (Saudi Arabia, Oman, Kuwait, Bahrain and the United Arab Emirates), which have a total population of 46.6 million (Gulf Corporation Council GCC, 2013). The five countries have supported projects on e-government to link their nations together (Menatech, 2013). E-commerce has been supported by various project funds and a rapid rise in Internet users, most of whom are aged 15-32 years, which is considered a high percentage of the population (QNB, 2012b).

Most of the GCC countries rely on oil revenue, which is considered risky. However, Dubai has plans for new resources and more investment in different forms of energy. Dubai has also launched its 2030 vision and plans to limit its reliance on oil and support other resources, such as technology and other, related projects (Expo (2020), 2016; Saudivision, 2016).

The five countries referred to above are similar in terms of language, traditions and religious rules, and they have been united in the Council since 1981. This study targets online e-stores and multi-channel (MC) firms in the five countries, in both small and large cities, local and global logistics service providers (LSPs), and consumers, including men and women from small and large cities.

In Saudi Arabia, (Mothoq, 2013) has a database of e-stores that contains all their contact details. The number of e-stores in the GCC countries has grown rapidly, whether pure-players (PP) or MC retailers, from 96 in 2013 to more than 320 in 2015. Of the five countries, SA is considered the largest, its capital is Riyadh and its two economic cities, Jeddah and Damam, are in the eastern region. The largest cities in SA are Tabouk in the north and Jazan in the south. In the UAE, the capital, Abu-Dhabi, Dubai, Al-fujairah and Ras al khaimah are considered target cities. In Oman, the target cities are its capital, Muscat, and its second-largest city, Salalah, which is to the south. Kuwait and Bahrain are both considered small countries.

### **1.4 Motivation behind the Research**

The motivation came from two main sources. First, few scholars have considered e-fulfilment in the Middle East and in the market of the GCC countries in particular. Second, from my experience of online business, I found that some stores failed but had no in-depth understanding of the main reasons for their failure.

E-commerce is not discussed in academia or in practice in relation to the GCC region very much and articles have only tended to consider LSPs, which led me to identify a gap in the knowledge, particularly as EC and Internet use had increased rapidly, technology had developed and the region was announcing projects that could support e-commerce. Greater numbers of Internet users and the expansion of e-stores led me to investigate how e-stores design their logistics strategy and how this might differ between the requirements of large and small cities. Furthermore, what procedure might be added to a firm's strategy before launching a strategy plan.

Another reason supports me to investigate to know exactly the logistics as concept is it known or not popular like in public segment. Some failures of e-stores also encouraged me to attempt to identify the issues surrounding this. Based on a review of research papers, most scholars have discussed e-commerce from a marketing and business-to-business (B2B) perspective. In addition, investigating fulfilment in EC, particularly in GCC countries, offers the opportunity to conduct in-depth study and provide contributions to the literature and practice. The current situation is that small and medium-sized enterprises (SMEs) might have started to test a model and new logistics firms may have entered a market but failed quickly. Consequently, the author started to investigate e-commerce from the logistics perspective, as there has been a lack of coverage of this in the Middle East in general and in the Gulf countries and Saudi Arabia in particular.

Furthermore, studying the ECF literature and shaping the study of a variety of firms' experiences can provide two important factors: first, the various methods of the development of fulfilment services in EC; second, an exploration of the EC fulfilment in developing countries and how they benefit from previous experience with regard to current infrastructure and cultural effects. Moreover, previous studies have made little mention of EC logistics in Arabic countries or in GCC nations, which encouraged the researcher to investigate this in depth and from a business perspective.

## 1.5 Aim and Research Objectives

The aim of this research is to explore the challenges and opportunities for logistics in electronic commerce fulfilment (ECF) in GCC countries.

The ultimate purpose of suggesting new strategies to make EC better and more efficient in GCC countries includes meeting the following objective:

To investigate EC and related logistics for business-to-customer (B2C) fulfilment (or ECF) in the GCC by considering international and Gulf ECF purchase and delivery methods and the effects of culture on the process.

## 1.6 Research Questions

Research questions were designed to answer the previous research objective, which are:

- Q1** What model of ECF is used in pure player and multi-channel firms?
- Q2** Is the e-fulfilment process effective and efficient from a logistics and supply chain management (SCM) perspective?
- Q3** How does ECF differ between locally purchased and international transactions in the GCC market?
- Q4** Are there differences between large and small cities in receiving local and global orders?
- Q5** What cultural factors have affected e-fulfilment in GCC countries?

The culture of GCC countries is considered to be very similar, and cultural factors and how the level of fulfilment is affected have been explored in detail among five GCC nations. This is important, as discussing the phenomenon alone will not enable exploration of the related or affected factors that can give wider knowledge of the situation.

## 1.7 Significance of the Study

There are various reasons why research should focus on EC logistics in GCC countries.

These reasons are as follows:

- To enhance understanding of ECF in GCC countries.
- To develop key or critical success factors.
- To examine the feasibility of local ECF across GCC countries, as opposed to ECF from international sources.

In addition, GCC countries are in a competitive business environment, the World Bank having ranked the GCC in terms of “doing business” among the 30th and 25th competitive countries in the world during the World Economic Forum (WEF, 2014-2015); (World Bank, 2012); (QNB, 2012a). This growth has led to the faster development of commerce between East and West, especially EC. Consequently, this study makes contributions to both knowledge and practice.

## **1.8 Contributions**

### **1.8.1 Academic Contribution**

This study is considered unique, as it discusses EC from the logistics perspective of GCC countries. The model in Figure (23) illustrates that e-fulfilment in the GCC market has new factors. For example, the model covers comprehensive studies of firms, logistics companies and consumers, with some studies, such as Sohail and Al-Abdali (2005), Al-Nawayseh (2011), Al-Somali (2012) and Hübner et al. (2013), focusing on one segment. In addition, this study has found that e-grocery has no returns policy, although Quaddus and Achjari (2005) and Xing and Grant (2006) mention that returns are considered a main factor in the delivery process. E-grocery also has different methods of delivery, as warehouse units are not needed and deliveries must be shipped once an order is placed (see Figure 22). Cultural elements emerged as new factors that have influenced e-fulfilment, such as logistics operations not meeting and fulfilling the needs of female consumers. This is particularly the case in SA, as women are not allowed to drive in the Kingdom and deliveries made to warehouses are considered too difficult for female customers to collect. Furthermore, communicating in different languages creates clear gaps and leads to consumers not being understood, which suggests that cultural factors can be added to logistics studies in order to provide more innovative solutions (Quaddus & Achjari, 2005). Moreover, cash on delivery (COD) is a favourite method of payment and fulfils most consumers and firms, due to the flexibility and availability of the process and avoids relying on an e-store. However, this method can lead to some rescheduling of orders as a result of telephone numbers and addresses not always being correct (Yang et al., 2014).

Logistics activity is not usually considered in strategy plans, as firms start testing a model and might consider a warehouse far from the area of demand, which causes delays in delivery and risks the firm’s failure (Kotzab et al., 2016). Transportation that relies solely on roads can affect e-fulfilment, particularly if a policy has been implemented to ban

lorries from entering a city or there is a requirement to employ more citizens. These external factors are related to the extent of e-fulfilment. Thus, theoretical solutions do not provide complete fulfilment, as an unattended delivery approach is considered too hard to apply in the GCC market because of the high temperatures and the design of the buildings in the region (Hübner et al., 2016).

Logistics as an essential concept is not recognized in terms of a firm's strategy, which starts by testing a model, which consumes time and cost and might lose business. Communication between firms and LSPs is considered weak due to a lack of clarity regarding the services provided. PPs and MCs face challenges when choosing LSPs in GCCs, and SA in particular, as global brand names working through various franchises have different services and cost structures. Delivery to a particular address might not, for example, be easy for firms, while other factors have also increased the complexity of the delivery process, such as postal systems being imprecise, particularly in large countries like Oman and SA. In addition, delivery to lone females in a home or a specific location is not easy to determine and an incorrect telephone number can make the whole process more complex. In particular, culture has emerged as a potential factor and plays an essential role in ECF in GCC countries.

More details regarding the contribution to knowledge are illustrated in section 8.3.1 of the final chapter (Chapter 8).

### **1.8.2. Implications for practitioners**

This study investigated a wide range of firms and consumers in order to provide suggestions that could help firms, whether they are inside a particular country or located in the GCC market. Culture has strong links with society and any logistics plan has to meet the language and traditions, such as taking into account that women are not allowed to drive in SA. Therefore, the implications of this study are twofold: for practitioners and for policy.

E-stores have to understand cultural factors, use Arabic and realize that the largest population segment comprises young people, whose numbers are increasing rapidly. In addition, delivery times need to be capable of dealing with postal addresses not being accurate. The design of a logistics model also has to consider warehouse location. Outsourcing might not provide fulfilment solutions from the beginning, as local deliveries are considered more convenient for consumers. Thus, for regional deliveries, global logistics firms have different services based on the shipment price and some local logistics

firms have an advantage in this situation. Finally, delivery systems require greater acknowledgement of cultural factors and convenient delivery systems, such as delivering to consumers using the correct address, providing flexibility with returns, and recognizing the price of delivery. Insourcing or outsourcing has to be part of a firm's strategy before it launches its business.

In terms of policy, regulation should keep pace with e-commerce development, as new rules, such as those banning lorries from entering a city, affect e-fulfilment. A payment method that is available on an app would also improve payment systems. In addition, e-store licences should be authorized to provide more trust for consumers. Furthermore, universities should begin teaching logistics and supply chain management. The GCC agreement that was signed in 1981 needs to include more factors that could help develop e-commerce in the region. Infrastructure and technology will be explained in more detail in section 8.4.

## 1.9 Thesis Structure

This thesis comprises eight chapters. The first chapter contains the aim and objectives and the motivation behind the research, and includes a summary of the contributions to knowledge and the research implications. There are three literature review chapters. This research focuses on e-commerce logistics in GCC and, therefore, the second chapter begins with an overview of e-commerce and its development. The third chapter discusses the interaction between e-commerce and logistics activity. The fourth chapter then focuses on e-commerce and logistics activity in the GCC. The methodology, analysis and conclusion chapters then follow:

Chapter 1 illustrates the direction, purpose and motivation of the research in order to understand ECF in GCC countries by answering research questions derived from the stated objectives of this study.

Chapters 2, 3 and 4 contain literature reviews that cover three categories: e-commerce fulfilment, its classifications and barriers to EC in e-grocery and non-food sectors; an illustration and discussion of logistics and its interaction with EC; and an overview of five GCC countries, a PEST (political, economic, social and technological) analysis and a discussion of the countries' ranking in the Logistics Performance Index (LPI) and their related logistics activity.

Chapter 5 presents the research methodology by illustrating the justification for using a qualitative approach and design using semi-structured interviews and explains how the data were gathered and analysed.

Chapter 6 contains the analysis classified into three categories of results. Nine themes emerged based on the interviews and are categorised into the following three groups: logistics activity, the purchase of goods locally and globally, and cultural factors and effects.

Chapter 7 discusses the findings critically in comparison with the results of the literature reviews in order to answer the five research questions.

Chapter 8 concludes the thesis and provides the theoretical contributions, practitioner and policy implications, and the limitations, leading to suggestions for further research.



## Chapters 2-4: LITERATURE REVIEW

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## **Chapter 2: Electronic Commerce**

### **2.1 Introduction**

The previous chapter illustrated the research objectives and the questions the research considered in order to achieve those objectives. The literature review for this study is divided into three chapters. The first chapter considers e-commerce and its development and the barriers to e-commerce, and links these critically with the second chapter, which considers logistics e-fulfilment then ends by providing an overview of e-commerce logistics in GCC countries in the third chapter. The three chapters define each concept and explain the linkage between them.

This chapter discusses various aspects of the literature that shaped this study, focusing on the development of EC, from its definition to the classifications of different sorts of e-business. A review of e-grocery in the literature is then illustrated and a summary given of the leaders among e-grocery firms and the challenges that might affect them. Hence, non-food, whether online or offline, is critically discussed, including relevant cultural factors and the overall challenges of ECF.

#### **2.1.1 EC Definition**

Electronic commerce (e-commerce or EC) was discovered and has been brought to fruition in developed countries. It has been a rich subject for research discussion, embracing various operations and models/processes, such as logistics, and information and communications technology (ICT). Two important forms of technology were discovered in the middle of the twentieth century : electronic data interchange (EDI) and electronic fund transfer (EFT), the latter appearing in the early 1970s (Panurach, 1996; Zwass, 1996). Online commerce was introduced in 1995, when the Internet revolution provided businesses with the ability to become involved in online activities (Moertini 2012). Businesses then started advertising and selling products online, which helped them to increase their economic scope (Quaddus & Achjari, 2005); (Zuccato, 2007; Fathian et al., 2008); (Datta, 2011). In addition, e-commerce has different definitions, derived from the different perspectives of EC.

Moreover, there has been an increase in internet use, not only by businesses, but also between businesses and customers (Kurnia & Chien, 2003). Thus, EC has become popular in research studies, and has been discussed in relation to various areas. The concept of e-commerce is different in different fields, according to (Ngai & Wat, 2002), who revised the definition of EC and produced four concepts. The first relates to the

“communications perspective” (p.415), and is linked to product delivery systems, telephone line payments, network design, etc. The second concept is the process of business, and relates to technology application and transaction operations. The third is concerned with how trading is conducted online, by providing various methods through Internet channels. Lastly, the authors consider the service side, which is concerned with reducing costs, while maintaining the quality of products and speed of delivery. The consequence of a previous EC concept means that this research relates strongly to the last factor, which focuses on delivery methods with regard to logistics factors such as availability, time and condition of products (Stare, 2003).

Companies gain huge benefits from using online technology, which provides them with a faster method of sharing data and conducting global transactions. Online operations are considered a potential tool for the economic growth of countries, and some factors can lead to business success or failure (Quaddus & Achjari, 2005). The EC market is shared by pure players and multi-channel retailers or “bricks and mortar”: Pure players are firms that trade online without a physical store, such as Amazon and Webvan (Boyer, 2001). Multi-channel retailers, who have a physical store as well as trading online, include, for example, Tesco and John Lewis (Burt & Sparks, 2003). Pure players compete with multi-channel retailers, and there are arguments about the risk and fulfilment service of each.

In addition, pure players start by building trust, and simply deal with customers in the delivery process – a point of view supported by (Rabinovich & Bailey, 2004). They suggest that pure players are considered better performers with superior delivery times (Klinger et al., 2003; 2004), and that these types of companies are expected to have a bright future and to maintain a strong position. However (Gurău et al., 2001; Maltz et al., 2004) point to the advantage of the multi-channel route, highlighting that it has already assembled a logistics system and has a strong position in the market. From this viewpoint, pure players need to take risks to build a logistics system and effectively supply a chain to develop customer loyalty and fulfilment in their delivery service.

Therefore, the argument above requires examples and experience to fully understand the situation. The first example is Webvan, a giant pure player supermarket in the US, which started to invest heavily in technology and new fulfilment delivery services, but its strategy to deliver products from warehouse to customer failed (Lunce et al., 2006). This resulted in the company going bankrupt after just three years, more details of which will be described in the logistics and fulfilment chapter of this thesis. Another pure player

which applied a similar strategy was Amazon.com. Tesco, on the other hand, used the multi-channel approach to succeed in the tough market of groceries, which is very sensitive and requires special treatment (Tanskanen et al., 2002; Al-Nawayseh, 2012).

Since 2000, e-commerce has developed rapidly with regards to what has been classified into models, such as business-to-business (B2B), business-to-consumer (B2C) and customer-to-consumer (C2C). There are also other models, such as business-to-government (B2G). The sales of EC globally reached \$1 trillion in 2013, and the numbers could rise to 17.4% in 2017 (eMarketer, 2014). B2B considers dealings between organizations, both public and private, which are worth investigation (Montealegre, 1998; Hong & Zhu, 2006; Al-Qirim, 2008). Moreover, B2B has increased rapidly, resulting in revenue in this e-commerce sector reaching \$4 trillion in 2011. Large corporations dominate the market in this area, and B2B has been guided by global trends affecting B2C in local markets (Gibbs et al., 2003). B2B markets dominate a large percentage of B2Cs, which in global markets consumed 3.6% of sales in retail in the USA in 2008, and accounted for 10.7% of trade in the UK in 2010 (Centre for Retail Research, 2010; US Census, 2013). (Nielsen, 2010) accounted for most of the top products and services sold online (globally), the top ten being: “books, clothing/accessories/shoes, airline tickets, electronic equipment, tours/hotel reservation, cosmetics/nutrition supplies, event tickets, computer hardware, video/DVD/ games and grocery (Nielsen, 2010, p. 2).

## **2.2 e-Business Classification**

### **2.2.1 B2B & B2C**

However, looking at the broader market, it can be seen that B2B manufacturing and related sales are more or less equal to the volume of B2C retailers and services sales. Therefore, that while B2B is considered dominant in the market and maintains a high volume, B2C is seeing much faster growth. Thus C2C trades online allowing two parties, either individuals or an organization, to buy and sell products (Beynon-Davies, 2007). The volume of market sales concerning B2B and B2C will be discussed in more detail later in this chapter. However, B2G that covers business and government organizations not explained in detail is the focus of this research from a logistical EC prospective. Therefore, the previous three categories ,which are B2B,B2C and B2G have developed rapidly, (Laudon & Traver, 2008; Moertini 2012). Indeed, e-commerce has grown rapidly all over the world, with an estimated \$0.27 trillion in 2000, rising to \$10 trillion 11 years later, whereas the B2C market obtained about \$240 million (Moertini 2012). E-

commerce is undoubtedly a large market. In 2006, the US market was estimated to be \$12.8 billion. One year later, this number had increased to \$200 billion, and reached \$265.5 billion in 2010, showing an increase of 12% from 2003 to 2010. This reflected an obvious domination by the US market on global trade, by 18% (Internet Industry Research Center, 2007; (Ghezzi et al., 2012). In Europe the total e-commerce market was €134.2 billion, with the UK considered to have the largest percentage of £37.4 billion, followed by Germany with €29.3 billion, and then France and Italy with €16.5 billion and €7.5 billion, respectively (Ghezzi et al., 2012).

Therefore, e-commerce revenue has benefits that are reflected in countries' economies. (Ho et al., 2007) studied seventeen Eastern European countries for five years from 2000 to 2005, identifying essential factors that could help the growth of B2C. These factors classified the market into internal and external elements. The internal market has three elements: the number of Internet users, the amount of investment in the telecommunications sector and the education level of the populace. The external market focuses on the internal elements, as well as the availability of capital equity for investment, and has high linkage with credit cards in the economy (Ho et al., 2007).

By contrast, large companies, such as Amazon.com, dominate a high percentage of e-commerce sites. Therefore, the strategy to involve e-commerce sometimes derives from focusing upon it, or taking it as a substitute. (Straub & Klein, 2001) classified the strategies of firms running EC. The first strategy was to reduce costs and enhance productivity; next, was to look for new customers or new markets; third was to make it sustainable to integrate e-commerce in the overall strategy, which could be considered risky and costly. For example, Tesco, the giant multinational supermarket based in the UK, invested about \$58 million in providing an e-window for e-commerce in 1996, and broke even after a decade, when the project was well established. Webvan US, a major e-grocery store, spent even more (\$120 million) on its strategy. On the other hand, applying a wrong or unsuitable business model might not be the right choice, as Webvan grocery sales online led to the company going bankrupt in 2001, demonstrating that their strategy had not been effective (Tanskanen et al., 2002; Chaudhry, 2006; Pang, 2016).

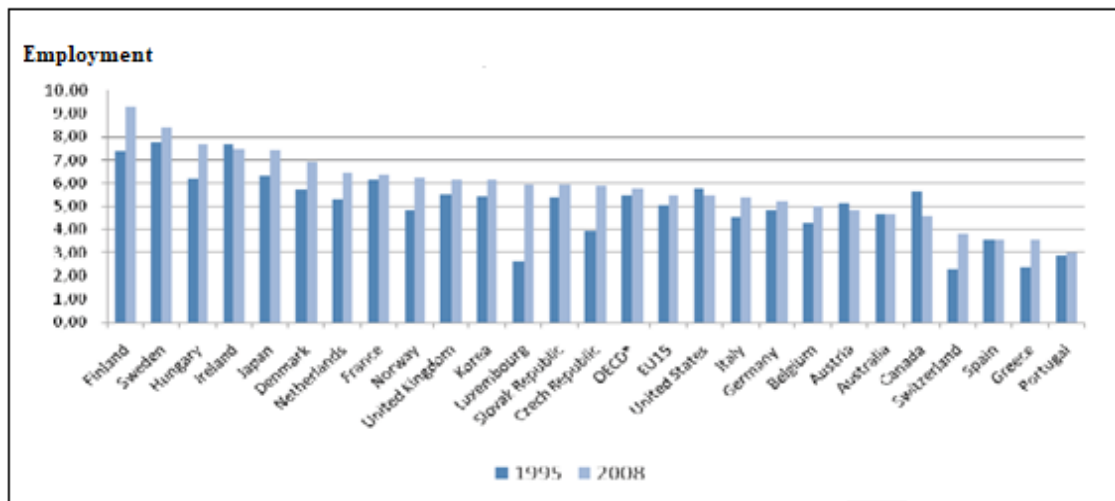
At the same time, Amazon went to Europe six years after it was launched and established two large distribution centres that were supported by a good infrastructure and business environment. Some e-grocery strategies do not have a high margin, as they focus on high volume, and margins come from automation, whereas Amazon applied a long-term profit

strategy. In developed countries, most products and operations involved in e-commerce instil processes to provide confidence for consumers in relation to groceries, books and clothes. Of these, there are various examples, but Tesco, Amazon and John Lewis in particular are considered prominent brands (Tanskanen et al., 2002; Chaudhry, 2006).

The rapid growth of e-commerce via the Internet has also opened new channels through mobile devices – mobile applications (apps) and mobile commerce (m-commerce) – meaning that it has become easier and faster for people to access the Internet and use apps to buy or browse (Sumita & Yoshii, 2010). E-commerce in developed countries has support from good infrastructure and advanced ICT; however, privacy and security are still of concern, and offer a certain number of challenges to organizations (Šalhüb, 2002).

E-commerce has many benefits, providing products at low prices with a variety of delivery methods (Brynjolfsson & Smith, 2000). Therefore, EC can positively affect the economy in three categories: corporation, productivity and prices (Economic Commission for Latin America and the Caribbean (ECLAC, 2002). Moreover, more job vacancies are provided by enhancing employees' ICT skills, which means rapidity of recruitment – according to a study by the Organization for Economic Co-operation and Development (OECD) – in different countries regarding the percentage of increased employment (see Figure 1). In addition, ICT supports the entire range of business activity tools in the information stream, including the following: security of data, payment methods, logistics with optional delivery times, the safe condition of products and the flow of capital, as well as prices and quality based on the business stream (Rabinovich et al., 2007). Moreover, ICT has a direct influence on enhancing productivity, intensifying competition and providing optimal customer choice.

**Figure 1 : Increased ICT employment in different countries (Source: OECS ICT key indicator information technology, 2009, p49)**



Therefore, ICT does not merely include the physical capital stock of a company, but can transform the operation of the entire range of products, sales and the method of distribution (Ramcharran, 2013). However, there are arguments that EC shrinks employment numbers, which can be true when firms shift operations from traditional methods to pure player of e-commerce (ECLAC, 2002). In addition, e-commerce can bridge relationships and enhance competitive advantage in markets by the design and application of advanced supply chain strategies. In the context of e-grocery shopping, which has been used in developed countries for many years, there are brands which provide various services at an online level. E-grocery shopping has grown rapidly in Europe, particularly in the UK, Sweden, France and Switzerland, and North America has also shown a great deal of growth. Other nations, such as Japan and Australia, have likewise become involved. Certain brand names have become leaders in the multinational and global market, for example, Carrefour and Tesco, which leads to benefits for customers and the retail grocery market (Tanskanen et al., 2002; Al-Nawayseh, 2012). Thus, e-grocery and non –food will be explained in next parts involve the barrier of each category in PP and MC.

### 2.2.2 E-Grocery

Shopping online for groceries has been popular in recent years as customers are provided with various options for receiving products. It entails choosing products and placing an order through an online interface, and the retailer then processes the order and delivers the goods (Kurnia, 2008). Offering e-grocery shopping is considered harder and more

risky than selling other products, as there are different factors to consider, such as physical delivery, distribution, service, quality of goods, temperature control, being able to return products, and, most importantly, speed of delivery (Kirkpatrick, 2002). At this stage of B2B, the retailer needs to respond to these factors quickly, while also taking cost into account. Other factors that can affect business include transportation infrastructure, ICT development, society and culture, the habits of consumers and the general environment (Gibbs et al., 2003; Kurnia, 2008).

Launching an online service, whether pure player or multi-channel, is considered costly and requires a long-term strategy to enable the company to break even. For instance, some of the leading grocery markets throughout the world are shown in Table 1, highlighting the differentiation of services and experience (Al-Nawayseh, 2012). The Tesco Multinational Corporation, leader of the grocery market, launched e-grocery shopping in 1996 and is still successful. Tesco applies a multi-channel model in which the customer can choose delivery or pick up from a store, and the company has invested \$58 million in e-grocery operations. The firm has opened another line and implemented the logistics of e-grocery in the whole company strategy, which involves more risk but greater turnover in the long-term (Straub & Klein, 2001).



**Table 1: Grocery market leaders and retailers (Al-Nawayseh, 2012)**

	Tesco UK	Sainsbury's UK	Webvan USA	Streamline USA	Peapod USA	Carrefour France	Ito-Yokado Japan
<b>Background</b>	The biggest supermarket chain in the UK	The second largest supermarket chain in the UK	Started as a pure e-grocer in 1999	Started as a pure e-grocer in 1992	Started home delivery service before the Internet in 1989	The largest hypermarket chain in the world in terms of size	The largest supermarket chain in the Japan
<b>Investments in e-grocer development (Approx. in US millions )</b>	\$58	\$40	\$120	\$80	\$ 150	\$100	\$140
<b>Main operational mode</b>	Industrialized picking from the supermarket	Picking from the supermarket or (DC) in London.	Highly automated picking in distribution centre (DC)	Picking from the distribution centre, reception boxes, value adding services	Picking from both (DC) and stores	Picking from the supermarket	Picking from the supermarket
<b>Current status</b>	The biggest e-grocer in the world. Expanding its operations outside the UK. Partnering with Safeway and Groceryworks.	53 stores occupying 73% of UK	Operations ceased July 2001  <b>Bankrupt</b>	Parts of operations were sold to Peapod in September 2000. The rest of operations ceased in November 2000.	Bought by global grocery retailer Royal Ahold. Second biggest e-grocer in the world.	announced that it was "highly likely" that it would dispense with its Champion fascia, with all stores expected to be rebranded under the Carrefour name	There are 174 Ito-Yokado stores operating in Japan. Expanded to China, where they formed a joint venture with Wangfujing Department Store and China Huafu Trade & Development Group Corp

Small and medium-sized enterprises (SMEs) can gain advantages by providing EC and offering their products online to help reduce costs and enhance revenue. Moreover, pressure from technology development and the media, as well as government support, have forced them to become involved with e-grocery (Pecquet et al., 2008). However, these SMEs cannot be judged in comparison with the non-food sector, as grocery is considered the most difficult sector in providing operational delivery. Also, some factors can affect SMEs online, such as business type, which may include business size, product characteristics, quantity of product categories and whether they are local or foreign organizations (Huy & Filiatrault, 2006). EC can bring direct and indirect benefits, and results can be measured both in the short and longer term. Data analysis can help to measure the number of customers and show direct results, whereas indirect results are not easily measured, but can highlight the strength of customer loyalty. The latter can take

longer than expected, and vice versa, over a shorter period. Furthermore, EC benefits can be classified into three areas: saving on costs and time, and technological quality development, which will lead to operational ease in the process (Ghobakhloo et al., 2011).

In the UK, Sainsbury's is considered to be second to Tesco, having 1374 stores in 2016 around the country and an investment of about \$40 million in e-grocery operations (Statista, 2016). By contrast, companies in the US launched e-grocery before online services, when Peapod made house deliveries of grocery products. Table (1) shows three leading grocery companies in the US with differentiations in e-grocery strategy, such as Streamline, which began as a pure player based on groceries, investing \$80 million and later being sold to Peapod. Peapod started the logistics process as a delivery service before being bought by the second largest e-grocer in the world, Royal Ahold. Next is the sad experience of Webvan, which started in pure e-grocery and provided the highest logistics process by choosing and investing \$120 million; however, the company went bankrupt three years after entering the market (Tanskanen et al., 2002; Chaudhry, 2006; al-Nawayseh, 2012). In addition, Carrefour, the largest hypermarket chain (based on size) in the world, operated in a similar way to Tesco. It provided a multi-channel option for customers to buy products, invested \$100 million, and followed the pickup operation model. Lastly, Japan's Ito-Yokado is considered the largest supermarket, with 174 stores, investing \$140 million to provide the option for customers to pick up products from a store (Tanskanen et al., 2002; Chaudhry, 2006; al-Nawayseh, 2012). Global brands such as Carrefour and Tesco have extended their operations in developing countries. However, surprisingly, they have not provided online services here, which might be the next barriers to consider reason to that.

### **2.2.3 E-grocery Barriers**

E-commerce has common barriers, particularly in the grocery market, which consider risky to deal especially in GCC's zone that have high temperature and far distance area. Thus, part will explain the major factors and non-food and other barriers will be in section 2.2.6 in factors influencing EC fulfilment the grocery challenges include:

#### **❖ Product sensitivity**

Grocery products are often tangible, and customers want to ensure quality, but this option is not available online. Retailers thus need to send messages or provide convincing information to reassure online customers about products they are intending to buy (Boyer, 2001).

#### ❖ Delivery options

Customers usually need grocery products quickly. They are not concerned about poor infrastructure that can lead to long delivery times, which increases the pressure on retailers and raises the costs of operations. Customers who live far away from delivery points will be costly to both themselves and the retailer. In general, customers need to receive products by a chosen time to avoid risking the failure of the business (Boyer, 2001; Kirkpatrick, 2002).

#### ❖ Temperature

Grocery products have sub-sets of sensitive items that need to be controlled in the inventory and during delivery. This is considered a highly complex issue, especially in hot regions (Kirkpatrick, 2002).

#### ❖ Substitutes and returns

Providing more services on demand with a shortage in capacity will lead to an empty inventory (Jelassi et al., 2001), and returned grocery products are considered to be of lower value than other products (Cairns, 2005). Providing substitute products of similar quality can be a challenge, so many retailers have designed a suitable strategy for available substitutes. Customers generally prefer to see the product and what has been included instead, in order to be satisfied with the substitution (Tanskanen et al., 2002).

### **2.2.4 Non- food EC**

On the other hand, e-grocery is not considered to be in highest demand, based on global sales such as books and clothing, which came at the top. Nielsen (2010) accounts for the top products and services sold online in relation to people's ten most common purchases: "books, clothing/accessories/shoes, airlines tickets, electronic equipment, tours/hotel reservation, cosmetics/nutrition supplies, event tickets, computer hardware, video/DVD/games and groceries" (p. 2). In addition, grocery industry had rapid increased as in 2018 grocery online sales will become in second place after the apparel sales based on Europe (Hübner et al., 2016).

By contrast, B2B has been guided by global trends, with B2C affecting local trends (Gibbs et al., 2003). The demand for e-commerce products is supported by studies which

have calculated the percentages of e-commerce penetration in the US and Europe (Ghezzi et al., 2010) (see Table 2).

**Table 2: E-commerce penetration percentages in the US and Europe (Source: Ghezzi et al., 2010)**

	USA	Europe
Apparel	17%	5%
Books, CDs and DVDs	35%	15%
Grocery	2%	1%
Consumer electronics	38%	33%
Tourism	25%	22%

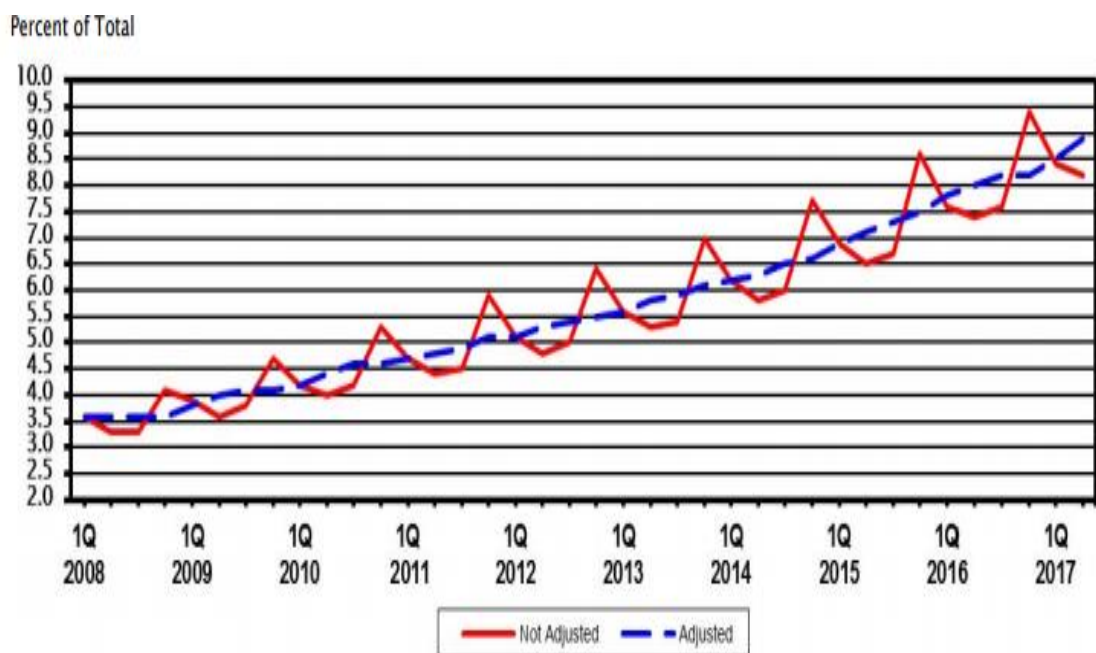
Table 2 offers a comparison of the percentages of products consumed in both the US and Europe, highlighting that, in general, US numbers are still larger than those for Europe across all categories and levels. The major difference between the two regions is clear in the context of apparel, which is recorded at 17% in the US, whereas it is only 5% in Europe. The percentage is also large for the books and DVD level, which was 35% in the US, a significant difference of 20% compared with the figures in Europe. Increasing DVD sales have negatively affected theatre and movie attendance. On the other hand, there has been a higher demand for packaged deliveries, which have led to more employment vacancies in the logistics fields, especially in organizations such as UPS and FedEx (Ramcharran, 2013). The differences between the grocery, electronic material and tourism categories are low compared with books and apparel (Ghezzi et al., 2010). On the other hand, E-grocery has seen a rapid increase of 4.4% in the UK. At the same time, grocery has rapidly increased, the numbers putting offline grocery in second place after apparel as a result of activity in Europe (Hübner et al., 2016). Globally, sales of B2C e-commerce in 2015 were \$1.7 trillion and are expected to rise to \$2.4 trillion in 2018 (Huseynov & Yildirim, 2015).

### 2.2.5 Offline and Online Market

The US Department of Commerce (2008) defined e-commerce as any service or good sold after the buyer has confirmed the order with regard to price, or has negotiated through an online channel, such as the Internet, electronic email, electronic data interchange (EDI) and whether payment is paid online or not. E-commerce came after traditional trade, which is more comfortable and has lower prices. However, at the same time, certain

limitations affect e-commerce, such as receiving orders, processing and waiting for delivery (Lieber & Syverson, 2011). Several studies have considered the competition between offline and online market growth (Kauffman & Walden, 2001; Ngai & Wat, 2002; Urbaczewski et al., 2002; Zwass, 2003), which shows that e-commerce has grown faster than the bricks and mortar equivalent. Recent numbers show that e-commerce sales rose steadily increase from 0.6% to 4.2% for the period 1999 to 2010 (Ramcharran, 2013). Figure 2 shows the rapid growth of e-commerce from 2008 to 2017, and highlights the observation that the US economy sees e-commerce as being the fastest growing sector (U.S. Census Bureau, 2017).

**Figure 2 : US EC sales growth from 2008 to 2017 (% of total) (U.S. Census Bureau, 2017)**



The rapid growth between e-commerce and conventional retail is significant. Several studies (Brynjolfsson & Smith, 2000; Bakos, 2001; Borenstein & Saloner, 2001; Fraumeni, 2001) have investigated the competition between e-commerce sales and conventional retailers with regard to prices and products. In addition, (Brynjolfsson & Smith, 2000) investigated the online and offline prices of 42 firms, with the result that online prices were lower by 9-16% compared with offline ones. Whether to buy online or offline is still a controversial subject, and (Loginova, 2009) developed a model to demonstrate the conclusion that buying online has certain weak points, such as waiting times for delivery, the customer not being able to choose something suitable (by inspecting the product) and difficulty in returning goods, the latter often resulting in dissatisfaction or additional cost. Conversely, buying from stores provides advantages

such as no waiting time for delivery, low cost of travelling and choosing a suitable product, with easy methods for future exchange at a lower cost.

The theories and models relating to EC are rich, but will not be discussed in this research, as the study focuses on EC from the perspective of logistics and fulfilment services. Pure players have more advantage and profitability than multi-channel retailers, because investment in technology and developing a supply chain provides them with an advantage in the market when looking to develop strong relationships with customers, and makes the process faster, with lower prices. A giant pure player with a mass product operation model can still achieve success in sales and customer loyalty. For example, Amazon is valued at more than \$79 billion, which is 40% higher than Target and Kohl's that has 2,800 stores (Lieber & Syverson, 2011). Amazon and some pure player corporations have created distinctive brand names and customer loyalty, individuals paying \$1.72 extra to buy a product from Amazon (Brynjolfsson & Smith, 2000). Moreover, food and beverage stores exist online at less than a third of 1%, which is nearly 50% of sales using the online process by shopping online and mail order. Offline sales in 2008 were thought to be \$18.7 trillion, whereas online sales were recorded as \$3.7 trillion. Table 3 shows the commerce value by sector in EC and offline from 2002 to 2008 (Lieber & Syverson, 2011).

**Table 3: Commerce value by sector (Source: Lieber & Syverson, 2011, p.38)**

		2002	2008	Percent gain, 2002-2008
Manufacturing	E-commerce	751.99	2154.48	186.5
	Offline	3168.65	3331.78	5.2
	Fraction e-commerce	0.192	0.393	
Wholesale	E-commerce	806.59	1262.37	56.5
	Offline	3345.01	4853.79	45.1
	Fraction e-commerce	0.194	0.206	
Retail	E-commerce	44.93	141.89	215.8
	Offline	3089.40	3817.27	23.6
	Fraction e-commerce	0.014	0.036	
Service	E-commerce	59.97	146.49	144.3
	Offline	4841.03	6700.97	38.4
	Fraction e-commerce	0.012	0.021	
Total	E-commerce	1,663.47	3,705.23	122.7
	Offline	14,444.09	18,703.81	29.5
	Fraction e-commerce	0.103	0.165	

### 2.2.6 Factors Influencing ECF

B2C in e-commerce has grown rapidly, rising by 174% in the six years from 2002 to 2008, while there was 118% growth in B2B sectors in the same period. Business failures in EC have occurred for different reasons in the grocery sector, including Webvan's bankruptcy (Lieber & Syverson, 2011), and about 50% of travel agencies closed because people were arranging their travel and booking tickets online instead of going to stores. Enhancements in technology have led to customer satisfaction, with speed of delivery and the maintenance of quality helping to minimize inventory levels and enabling firms to access data to answer demand quickly. EC has both internal and external factors involved in its success, and also some barriers to success. Figure (3) shows eight success factors, and seven impediments as both internal and external factors. The essential driving factors are business entry and reputation, especially for pure players, the external factors being time spent and price. Cost might be indicative of potential failure, together with lack of experience, and delivery time due to mistrust (Quaddus & Achjari, 2005).

**Figure 3: EC internal and external success and barriers (Source: Quaddus and Achjari, 2005)**

Contribution to success	Locus of impact	
	Internal	External
Driver	<ol style="list-style-type: none"> <li>1. Cost leadership</li> <li>2. Reputation</li> <li>3. Market</li> <li>4. Business entry</li> </ol>	<ol style="list-style-type: none"> <li>1. Product pricing</li> <li>2. Time spent</li> <li>3. Convenience</li> <li>4. External relationship</li> </ol>
Impediment	<ol style="list-style-type: none"> <li>1. Financial</li> <li>2. Risks</li> <li>3. Expertise</li> </ol>	<ol style="list-style-type: none"> <li>1. Customer's expense</li> <li>2. Delivery time</li> <li>3. Transaction risk</li> <li>4. Access</li> </ol>

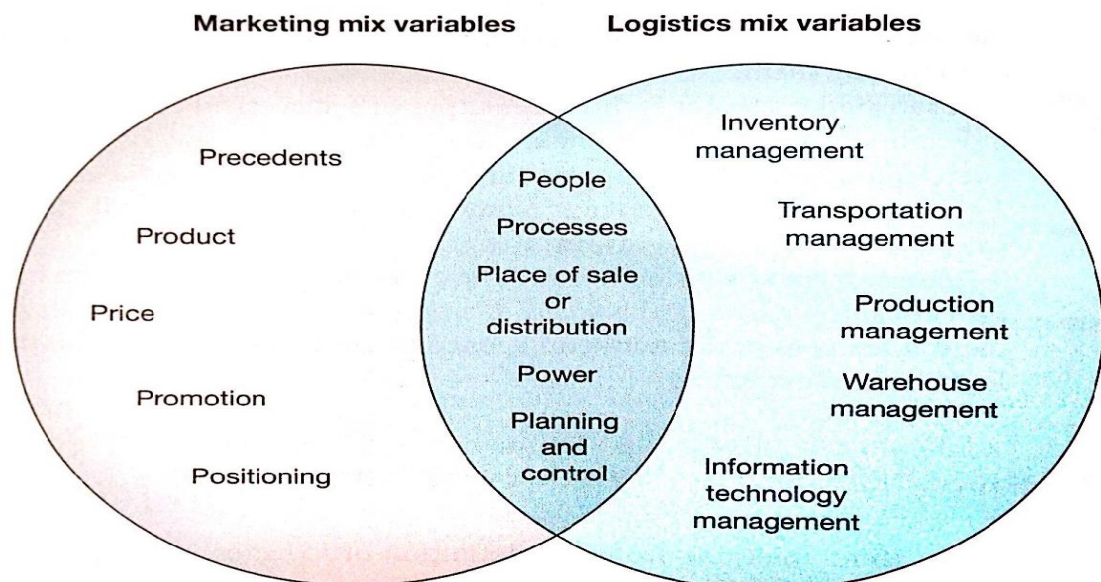
Culture is a potential factor in sales, whether online or offline, as customers who buy online prefer to deal with people in the same area and vice versa. Large cities make a greater contribution to sharing pictures and downloading music and movies than small cities do, due to the availability of technology and population numbers (Sinai & Waldfogel, 2004). Electronic commerce can have an effect on price, as greater demand in sales can reduce prices. For instance, it has been shown that the price of airline tickets has fallen in response to higher demand. Pure players such as Amazon, Boo.com, e.Trade and Pets.com have grown faster and experienced greater profitability compared with



offline stores. However, sellers of bricks and mortar stores still dominate the online market with their products (Lieber & Syverson, 2011).

To have a competitive advantage and sustain customer loyalty requires a strategy that focuses on logistics activity, from developing the supply chain and managing the inventory, to maintaining quality of products and services. (Bartels et al., 1965) defined Marketing as the “process in a society by which the demand structure for economic goods and services is anticipated or enlarged and satisfied through the conception, promotion, exchange, and physical distribution of such goods and services”p.43. Grant (2012) commented on physical distribution relating to the logistics field, especially in response to customers’ demands. This factor plays an important role in e-commerce operations, Ngai and Wat (2002) revising their e-commerce definition in respect of four perspectives, highlighting several aspects of delivery systems and speed that relate to logistics. Moreover, Grant (2012) overlapped the variables of marketing ,which have important to logistics to five Ps ,which are : people, processes, place of sale, power and product (see Figure 4). Thus, logistics activity is considered an important part of EC and can lead the operation and delivery process to fulfilment stage. The next chapter will consider logistics and fulfilment through the inclusion of relevant literature.

**Figure 4 : The Variables mix between Logistics and Marketing (Source: Grant, 2012; P. 38)**





### 2.2.7 Omni-channel

This research considers e-commerce logistics and this chapter has illustrated e-commerce development critically. As e-commerce rapidly increased, omni-channel (OC) emerged as a new concept that followed multi-channel (MC) approaches. MC was discussed earlier in this study in order to define and explore the development of e-commerce, in particular from MC to OC. MC is defined as the “design, deployment, coordination, and evaluation of channels to enhance customer value through effective customers acquisitions, retention, and development” (Neslin et al., 2006) (p.96). Based on the retail segment, uniting offline and online channels will change the landscape of retail. However, digitalization in previous years has led to certain challenges (Leeflang et al., 2014).

On the other hand, OC is defined as “the synergetic management of the numerous available channels and customer touchpoints, in such a way that the customer experience across channels and the performance over channels is optimized“ (Verhoef et al., 2015) (p.176). As the retail market experience has developed, for example, MC moving forward to OC, it can be seen that omni-channel has various channels and scholars began to research the influence of using mobiles or various platforms on performance (Rigby, 2011; Xu et al., 2014). Furthermore, this development consider too fast, might affect competition, and might address such factors as geographical structure and consumer behaviour (Forrester, 2014). In addition, the supply chain in retail needs to have a competitive strategy structure for new development (Brynjolfsson et al., 2013). The main difference between MC and OC can be seen in Figure (5), which shows that OC has more channels, platforms and scope. Therefore, this study investigates the challenges and opportunities for e-fulfilment in the GCC market by focusing on PP and MC, but excluding omni-channel.

**Figure 5 Brief of differences between Multi-channel and Omni-channel( Verhoef et al., 2015) (p.176)**

	Multi-channel management	Omni-channel Management
Channel focus	Interactive channels only	Interactive and mass-communication channels
Channel scope	Retail channels: store, online website, and direct marketing (catalog)	Retail channels: store, online website, and direct marketing, mobile channels (i.e., smart phones, tablets, apps), social media Customer Touchpoints (incl. mass communication channels: TV, Radio, Print, C2C, etc.).
Separation of channels	Separate channels with no overlap	Integrated channels providing seamless retail experiences.
Brand versus channel customer relationship focus	Customer – Retail channel focus	Customer – Retail channel – Brand focus
Channel management	Per channel	Cross-channel objectives (i.e., overall retail customer experience, total sales over channels)
Objectives	Channel objectives (i.e., sales per channel; experience per channel)	

### 2.3 Summary

This chapter has considered EC from its definition and followed its development to build the basis for the first part of this study. In addition, EC has various sorts of models, which this research illustrated before focusing on B2C. E-grocery has been considered by scholars from various aspects. Non-food e-commerce has been presented in detail in this chapter with a consideration of the major barriers based on the processes involved. Challenges relating to food and non-food e-commerce have been derived from a wide range of studies in different contexts. Thus, this chapter has considered EC as a basis for ECF study. The next chapter considers logistics activity and its interaction with e-commerce in relation to e-store operations.

## **Chapter 3: Logistics and Fulfilment**

### **3.1 Introduction**

The previous chapter explained EC and its challenges in detail. As this study discusses EC and logistics, this chapter critically discusses the literature regarding the importance of logistics. Furthermore, the importance of logistics in the economy and the interaction between logistics and EC are considered. Lastly, this chapter provides a critique of different EC and logistics theories that relate to e-fulfilment services and identifies a gap in the knowledge.

### **3.1 Logistics Development**

The discipline of logistics has been used and developed over centuries, and is quite common especially in the military. Since the nineteenth century, logistics has undergone five eras of development until the present. For example, during the American Civil War (1861-1865), involving strong forces from the southwest, President Lincoln assigned Montgomery C Meigs as logistics director to equip the army, which needed tents and animals (Grant, 2012). The latest era considers behavioural factors based on future expectations. Logistics has a long history of development that will not be explained in this research, which focuses more on the role of logistics in EC, and how logistics can fulfil EC services. Meigs was considered to be the person who invented the efficiency of modern logistics in the sense of stable infrastructure and the readiness of manufacturers to fulfil demand with distribution. Indeed, logistics has been developed over the last few centuries by the military. Era One research considers logistics movement from farm to market in 1916-1940, when people took products from farms to stores. This involved physical distribution, and Louis Weld in 1915 identified the differentiation between small products and large ones being taken to the store directly, meeting supply, demand and delivery on time. The second era considers the function of segments from the end of Era One to 1960, which defined logistics from a military perspective focused on material activity, whereas business logistics involves marketing activities. In addition, logistics is concerned with technology and innovations to develop the economy, offering many goods to consumers during the 1950s. Moreover, some research studies focus on the activity of physical distribution roles. For example, the business logistic concept from Eras three to Six concerned the output of logistics work during the past 50 years. In addition, logistics strategy and the advantage of delivering products in the right place at the right time, and

in good condition, was seen in Era Five (Drucker, 1962; Kent & Flint, 1997; Darsey, 2009; Grant, 2012).

### **3.1.1 Logistics in Economy**

Logistics is important in the economy and has had a strong effect on gross domestic product (GDP) growth and society as a whole. In the US economy, logistics reserved 8.3% of GDP, amounting to about \$1.2 trillion, in 2010, while in Europe the level logistics conserve is 7.2% of the total GDP of European countries (27 in all), estimated to be \$1.2 trillion in 2009.

The logistics cost is divided into four major sectors, being transportation, with 63% in the US and 48% in Europe; then warehousing, with 25% in the EU and 9% in the US; after that is inventory, with 23% in the US and 16% in the EU; lastly there is administration, with 11% in the EU and 5% in the US (Grant, 2012; Council of Supply Chain Management Professionals, 2011 (CSCMP, 2011)

Inventory plays an important role, not just from the logistics perspective, but also for a country's economy. Therefore, these two markets US and EU have decreased their inventory percentage between nineteen to 2008 – from above 100% to about 60% – which has proved the efficiency of inventory management (CSCMP, 2011). On the other hand, the inventory ratio dropped from 1.68 to 1.23 in total business from 1992 to 2013 (US Census, 2013).

The importance of logistics came from helping corporations to improve quality and increase production to meet demand, and in maintaining loyalty and service by delivering the proper products at the right time. For instance, Procter and Gamble (P&G), which operates in over 80 countries, has 300 various branded products. This company had a late performance measurement of 4% from 100% and an inefficient supply chain; the delivery of products was often late, and the 4% was costing the company £7-8 million annually, amounting to a total of £40 million. As a result, P&G has invested around £23 million in restructuring its logistics infrastructure, focusing on supplier relationships, and enhancing and speeding up the flow of data in the supply chain. In addition, the company has placed two central distributions in the north and south of England to deliver products on time by providing IT tools such as GPS tracking, and using IT to provide solutions. Moreover, automated distribution has been developed in London, and, in 15 months, the customer rate reached 99%; the 4% referred to above was reduced to 0.5, and this reduction

included the inventory. Moreover, the company is still innovative in development and is now delivering products 24/7 (Grant, 2012).

### **3.1.2 Interaction between Logistics and EC**

Logistics involves various activities, such as warehousing, transportation, inventory management, information and communications technology (ICT) and operations management, which relate to production. These activities or functions affect the physical distribution (PD), whereas customer services involves the ten Ps (precedent, product, promotion, price, positioning, people, processes, place of distribution, planning and power), which relate to the marketing field, the last five holding an important place in the logistics discipline (see Figure 4). In online shopping, the physical aspect is considered essential in delivering products to customers, as the physical process has to fulfil the service, which defines logistics as: “Point of origin to point of consumption” (Grant et al., 2006b, p.416). Delivering products to customers directly might also include complex processes known as “the last mile”, whereby firms can reduce costs and still have competitive advantage (Nicholls & Watson, 2005). In addition, ordering online is a fulfilment process that involves receiving the product and the physical package, then moving to pick, dispatch and deliver it to the right place at the right time and in the same condition as ordered. The last process may also involve collection and return. Thus, logistics has been defined as: “Logistics involves getting, in the right way, the right production, in the right quantity and right quality, in the right place in the right time, for the right customer at the right cost” (Mangan et al., 2008)p.8.

Applying the right direction to the previous definition in EC logistics is considered acceptable to some extent; however, the challenge comes when wanting to fulfil all the right logistics in the correct way. Logistics tasks have different operations with regard to online retailers, as some online retailers, such as furniture stores that already use logistics delivery, find it easier to re-design the structure of their distribution system. However, some retailers that sell small amounts of materials online, have no delivery operation – which applies to home delivery - or rely on physical factors consider this a challenge. Pure players address this challenge when selling products online by focusing on physical distribution, designing effective home delivery by building distribution centres, and using logistics service providers (LSPs) to fulfil the service and maintain the quality. Thus LSPs are involved in operations defined as the “*relationship between a shipper and third party which, compared with basic services, has more customized offerings, encompasses a*

*broader number of service functions and is characterized by a longer-term, more mutually beneficial relationship”*(Murphy & Poist, 2000) (p121).

Thus, two examples are Amazon.com and Dell. Amazon has two distribution centres in the UK and outsources the last stage of delivery to LSPs, whereas Dell outsources the entire preparation and delivery to LSPs (Grant, 2012). Thus, less capital and risk are involved for some pure players who are looking for e-fulfilment in their process. Physical distribution (PD) is a part of outbound logistics for firms that deal with finished products and integrate the relationship between the company and customer fulfilment requirements (Grant et al., 2006b). The physical distribution service quality (PDSQ) model has been discussed and developed in logistics studies. A study (Xing et al., 2011) discussed e-PDSQ and developed the framework of the PDSQ model with regard to factors affecting e-fulfilment in the online process. Fulfilment is one of the four elements of EC activity, which are as follows: ordering, billing, making payment and order fulfilment. One of the major challenge of online retailers is to adapt at the same time as discouraging customers from buying offline (Chen & Leteney, 2000; James & Hopkinson, 2001; Geuens et al., 2003). However, some large companies have achieved self-logistics system and consumers fulfilment, which in the GCCs market firms and LSP still not reach to that level of customers satisfactory (Yu et al., 2017).

To consider fulfilment of EC, one first needs to discuss PDSQ, which has 15 variables, classified into four factors: availability, timelines, condition and return describe the development of e-PDSQ by (Xing & Grant, 2006).

Thus, (Xing & Grant, 2006) discussed the e-PDSQ model in developed countries, and suggested considering e-grocery shopping in other countries, including some variables to be investigated regarding the e-fulfilment service in GCC countries and the e-fulfilment of ordering, with related factors. In addition, (Jain et al., 2017) have found that quality considered the main factor.

E-grocery has been discussed in logistics research more than non-food goods, which reflects the challenge in this sector from various perspectives, sometimes relating to the behaviour of customers. In addition, e-grocery has received more attention in recent years from customers and the business perspective, which brings more benefits when adopting e-fulfilment services (Kurina & Chin, 2003; (Ghazali et al., 2006). Moreover, e-grocery involves considerably more risk, but at the same time brings benefits to both customers and businesses, which can be seen where some grocery organizations have pure e-grocery,

such as Webvan. The giant pure player, Amazon, recently launched a new grocery line in some states (Price III, 2013). Shopping for groceries online has received more attention in recent years, as physical distribution plays a vital role in providing the fulfilment of services and is convenient for customers (Kurnia & Chien, 2003; Ghazali et al., 2006). E-grocery is a priority for some customers, providing a number of conveniences:

- ❖ People who live far away have the benefit of an order and delivery service.
- ❖ A selection of various products with improved search capability and branding with price availability.
- ❖ Provides the convenience of a 24/7 site service for ordering and choosing delivery methods.
- ❖ More vouchers and sales coupons are provided to Internet customers.
- ❖ Some important data, such as specifications of product ingredients and expiry dates are available.
- ❖ Enjoy classified products online and have knowledge of customer reviews and comments.

According to some researchers (Peterson et al., 1997; Tanskanen et al., 2002; Scott & Scott, 2006), shopping for groceries online offers more advantages for customers because they do not have to deal with transport congestion and parking, and wealthy people often choose this service (Burke, 1997). Therefore, EC logistics has shown dynamic development and growth since 1990 (Bask et al., 2012). Logistics has been considered along with EC from different perspectives from retail to strategy. Table (4) classifies EC logistics articles in different journals (Bask et al., 2012). EC logistics is often involved in B2C and C2C, and because sales have a separate delivery channel, it often handles physical distribution (Benjamin & Wigand, 1995; Delfmann et al., 2002). The increasing delivery capability has led to expansion in network delivery to reach customers and enhanced cost efficiency. Lastly, Understand logistics system can enhanced e-fulfilment in early stage (Pang, 2016).

**Table 4: Classification of previous EC logistics articles in different journals (Source: Bask et al., 2012, pp. 19-20)**

Count of articles	Year											Grand total	
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999		
Business Horizons					1		1						2
Business Process Management Journal		1											1
Communications of the ACM							1						1
European Journal of Operational Research							2						2
Industrial Management + Data Systems				1		1							2
Industrial Marketing Management								1					1
International Journal of Logistics Management			1							1			2
International Journal of Logistics: Research and Applications	1		3						2				6
International Journal of Physical Distribution & Logistics Management	1	1			1	1		4	3	1	1		13
International Journal of Production Economics		1											1
International Journal of Retail & Distribution Management				1				2					3
International Journal of Service Industry Management					1								1



International Review of Retail, Distribution and Consumer Research			1									1
JITTA: Journal of Information Technology Theory and Application									1			1
Journal of Business Logistics			1				1					2
Journal of Electronic Commerce in Organizations				1								1
Journal of Interactive Marketing					1							1
Journal of Manufacturing Technology Management	1											1
Journal of Marketing Channels	1			1								2
Journal of Operations Management			2		1							3
Journal of Service Research				1		1						2
Journal of Socio-Economics						1						1
Logistics Information Management							1		1			2
Management Research News			1									1
Omega							1					1
Production and Inventory Management Journal									1			1
Supply Chain Management								1	1			2
The McKinsey Quarterly										1		1
Transportation Research Part E	1			1								2
Grand Total	5	3	9	6	5	4	7	10	7	3	1	60

EC has taken off rapidly since the 2000s, reaching a peak in 2002, which reflects the interest and development of EC in the research. The number declined after 2002, then returned to further growth, which displayed that the focus on logistics proved effective. Logistics in EC has provided solutions in different aspects. However, physical factors require more study. (Bask et al., 2012) classified EC logistics which focus on the physical delivery factor into seven themes with regard to the following:

- Strategy of retailer (18 articles).
- Strategy and structure logistics (14 articles).
- Preference of buyers (9 articles).
- IT logistics application (6 articles).
- Organization relationship and related issues (5 articles).
- Operational performance (4 articles).
- Future agenda of research and the need for development (4 articles).

EC logistics has been revised and studied by (Bask et al., 2012) to evaluate logistics activities in EC, and focus on physical delivery, which is considered an important factor in ECF operations. 60 peer-reviewed articles were refined from 178 see .Thus, the previous Table (4) divided the articles into seven categories, covering their themes and focusing on suitable logistics strategies, key factors and buyer preference. Moreover, finding the highest number of articles in the *International Journal of Physical Distribution & Logistics Management (IJPDLM)*, the author explored additional literature from 2010 to 2016, and found 24 articles amongst a total of 293 which partially mentioned subjects relating to this research, such as logistics service providers, reverse logistics and one article discussing e-commerce in 2013 (see Tables 5 and 6). Most of the articles consider the strategy of retailers, followed by logistics structure, the number of articles decreasing until the last category (see Table 7).

The researcher searched on the following databases: ScienceDirect, Emerald, Business Source Premier (EBSCO), ProQuest and sdl.edu.sa to cover Arabic papers and papers published there. The key words used were as follows: "logistics", "e-commerce logistics", "e-fulfilment", "e-commerce in GCC", "e-commerce in Saudi Arabia", "LSP in Saudi Arabia", "fulfilment and logistics", "e-fulfilment in GCC", and "e-commerce fulfilment".

Global logistics need to be designed innovatively, especially when entering a new market, providing more services, such as 24/7 active systems and presenting solutions to current complex issues (da Mota Pedrosa et al., 2015).

**Table 5 Number of e-commerce logistics mentioned in IJPDLM from 2010-2016.**

e-commerce logistics	2010		2011		2012		2013		2014		2015		2016	
	No	Co.	No	Co.	No	Co	No	Co	No	Co	No	Co	No	Co
Issue 1/2	8	0	5	0	4	0	4	0	9	0	8	0	5	0
Issue 2	*	*	5	1	4	0	10	0	*	*	*	*	5	1
Issue 3	4	2	5	1	4	0	4	0	4	0	4	0	4	0
Issue 4	5	1	5	0	3	0	3	0	4	0	4	1	4	0
Issue 5	4	1	5	3	4	0	6	0	4	0	3	0	4	0
Issue 6	4	1	4	0	4	2	*	*	4	1	4	1	8	1
Issue 7	4	2	5	0	4	0	5	1	4	0	3	0	*	*
Issue 8/9	8	0	4	1	8	0	5	0	6	0	5	0	-	-
Issue 9	*	*	6	1	8	0	4	0	*	*	*	*	-	-
Issue 10	5	0	4	0	4	0	4	1	4	0	7	1	-	-
<b>Total</b>	<b>42</b>	<b>7</b>	<b>52</b>	<b>7</b>	<b>47</b>	<b>2</b>	<b>45</b>	<b>2</b>	<b>39</b>	<b>1</b>	<b>38</b>	<b>3</b>	<b>30</b>	<b>2</b>

**Table 6 Total number of factors relating to this research from 2010-2016 in IJPDLM**

e-commerce Logistics	2010	2011	2012	2013	2014	2015	2016	Total
		7	7	2	2	1	3	2

Bask et al. (2012) found three solutions (or keys) to logistics in EC, classified according to three main themes, each with three issues that are summarized in Table 7.

**Table 7: Conclusion - key logistics factors of Bask et al. (2012).**

Key Logistics	Strategy of retailer	Structure and strategies	Buyer preference
First issues	Last mile	Impact of Internet and need for new approaches of logistics firms PP+MC	Delivery time E+LSP
Second issues	Characteristics of sold production	-New approach b2c needed -Inventory location	LSPs affect
Third issues	Delivery optional (convenient strategy)	Different logistic strategy	Logistics involved in process

For the retailer strategy, they considered the “last mile” concept and proposed solutions such as an unattended mail box for pickup in a different area which has consumer traffic every day, as in Germany (Deutsche Post) and The Netherlands (Weltevreden, 2008). One claim (Tanskanen et al., 2002) is that building the system should first be done locally and then tested in a further market, which would be beneficial for success, especially in

e-grocery. The second category of issues relating to PP and MC firms is derived from the Internet and a new approach to logistics activity is needed to cope with this. Next, small size of demand should be considered along with the large plan of logistics distribution systems. Further this category of EC can be influenced by the location of the inventory and whether the warehouse structure is centralized or decentralized, with operations being outsourced or via the retailer.

Various logistics capabilities have been discussed (Cho et al., 2008), whereas others (García et al., 2007) argue that the efficient way would be to choose warehousing. However, *“Outsourcing was seen as an adequate response to meet the increasing customer demands for speed, reach, quality, and affordability of logistics services”*(Brekalo & Albers, 2016). Therefore, research has added a way of applying outsourcing that comes from a strategy of capacity with flexibility and global presence (Kotzab & Schneddlitz, 1999; Delfmann et al., 2002). In addition, help of reduce the cost by avoiding some logistics process (Huq et al., 2015). The third concern is that different segments of customers come from the differentiation of logistics strategy. (Cao & Zhao, 2004) discussed customers’ demands as individuals and EC consumers, identifying that EC retailers should be aware of delivery performance and maintain e-fulfilment in services accordingly. Therefore, several logistics strategies may be needed to meet customer and consumer demand. Moreover, some researchers (Bask et al., 2012) have mentioned that the logistics structure contains some keys, which begin with the importance of the integration of a physical logistics process along with other activities, innovations and technology. The next issues are those that B2C considers vital in EC logistics and which affect capability and firm strategy, whereas B2B often follows traditional logistics processes (Bask et al., 2012). The PDSQ model considers EC and logistics solutions, and Bask et al., (2012) argue that most EC studies focus on digital channels, which better combine the electronic channel and bricks and mortar. In addition, logistics needs to enhance the study of B2C and C2C trade in order to identify fulfilment solutions for the structure, services and processes of EC. This study will attempt to fill this research gap.

The third category shows that buyers have different orientations, which are the last key according to Bask et al. (2012). Delivery time and LSPs were first considered, and whether these are important issues for customers. Appropriate delivery has been considered recently by (Xing et al., 2010) in the PDSQ model, and the value of time in the shopping mode was also discussed (Hsiao, 2009) and found to be related. Delivery

time is considered a vital factor for customers when choosing between stores (Boyer, 2001; Esper et al., 2003; Cao & Zhao, 2004). The second elements relate to the extent of the LSP services provided through the website, and how these affect customer preferences in EC. Lastly, delivery when dealt with by a different service, which has been claimed (Zhang, 2008) not to be about product type only, but to also include the transaction process, affects customer choice over whether to use an online or offline channel. (Zhang, 2008) adds that offline is better in EC for execution (delivery after payment). However, Bask et al. (2012) mention that services also have the chance, to focus on a physical retailer for service, which is linked with home delivery in retailing.

Design requires a different time expectation for delivery in EC from the traditional pattern, in order to speed up the delivery time, which derives from human nature when ordering from the Internet, and the result is considered similar for physical delivery. By contrast, a 24/7 delivery system has regular changes which are not designed for this. It has also been argued (Islam & Scupola, 2011) that community, organizations and people's opinions might be affected by changes in delivery system design, and that there is a need to study all three (individuals, society and organizations) from each viewpoint.

The subject of logistics in EC is interesting, especially with the rapid growth of the Internet. Logistics in EC has been discussed in its different aspects and provided some solutions and flexibility in the process. Since the start of the millennium, e-grocery shopping has been discussed in logistics studies, and has involved many cases of failure. In addition, from 2006 to 2009, delivery issues in various environments, LSPs in EC and measuring capability have been richly studied (Cho et al., 2008). However, from 2010-2016 B2C have not been discussed as much as reverse logistics and LSP, especially in the Middle East region. Moreover, as LSPs are defined as "companies which perform logistics activities on behalf of others" (Delfmann et al., 2002, p. 204) LSPs relations have an imbalance of success and failure (Brekalo & Albers, 2016). No solution have been presented from global brand of LSP and support from the local government office still not applied. However, in the GCCs the support are available but the implement are very slow (Kawa, 2017).

Bask et al. (2012) have concluded that there are some points in EC logistics that have not been discussed and provided with solutions. The main example is derived from physical delivery, which is considered critical and essential for EC to succeed (Cho et al., 2008). In addition, logistics needs to provide innovative solutions for EC. E-grocery represents

a challenge in the EC sector, as it is hard to predict customer behaviour, which is why, most of the time; services in e-grocery have failed. However, the C2C EC type has still not been considered much in logistics studies (Bask et al., 2012).

### **3.2 Summary**

This chapter has highlighted logistics development and the importance of logistics to an economy. E-commerce logistics has been reviewed in the literature, B2C in particular, and it was found that e-fulfilment needs to be investigated in further study. As this thesis discusses logistics and e-commerce, the third part is intended to explain the overlap between them and focus on the elements that relate to e-fulfilment, as this is the focus of investigation in this work. Thus, the next chapter illustrates in more detail the study of EC logistics in relation to GCC countries.

## **Chapter 4: EC in GCC Countries**

### **4.1 Introduction**

The previous chapter explained EC logistics and showed that there is a gap in the knowledge, particularly in B2C. This chapter gives an overview of GCC countries. As more detail is needed regarding GCC countries in terms of population, technology, etc., the PEST analysis tool is used to provide more information with a focus on the estimated EC market and activity. In addition, logistics activity in the GCC countries is explained in discussing various activities and ranking changes in the Logistics Performance Index (LPI) in recent years.

### **4.1 GCC Background EC Information**

Developing countries demonstrate a wide range of differences in development and economics, and social and cultural differentiation, which makes it difficult to draw a fair comparison between China and Saudi Arabia on such a level. However, the Arabian GCC countries (Saudi Arabia [SA], Bahrain, Qatar, Oman, the United Arab Emirates [UAE] and Kuwait) have similarities in language and economic and cultural aspects, so most of them will be affected by similar elements. In addition, GCC is considered to be part of the Middle East where some numbers may be derived. In the Middle Eastern market the figures for the EC industry are considered to be \$4.87 billion in Saudi Arabia, Kuwait, the UAE and Lebanon (Field, 2008). Thus, the Middle East accounted for nearly 4% of global space, which was an increase of only 3% from 2007 to 2012, the percentage remaining the same in 2015. This shows an increase in usage of the Internet, which reflects the high concern and awareness of people in the Middle East of the benefits of (Internet World Stats, 2012). The population in the region is increasing rapidly, and the availability of browsers has also risen, which the Middle East shows 40.2%, compared with 34.1% in the rest of the world.

In addition, GCC countries have a different place among the Middle East countries, including Saudi Arabia, which is placed second after Iran, with 13 million users, then the UAE with 5.9 million, and after that Kuwait, Oman, Qatar and Bahrain with approximately two million or less. Therefore, Internet users are considered high with regard to total population (46.67 million in GCC countries). SA has a population of 29.195.895 million, with 13 million Internet users, and the UAE has a population of 8.2 million with nearly 6 million Internet users. Oman has a population of 2.6 million, with

Kuwait having 3.3 million, Qatar 1.9 million and 1.3 million in Bahrain (Internet World Stats, 2012; Gulf Corporation Council GCC, 2013).

#### 4.1.1 GCC Country Profiles

The six countries are located in the southwest of Asia, in the mid-centre between the three continents of Europe, Africa and Asia. The total population is 46.67 million with a total area of 2423.31000 sq.km. In addition, total GDP exceeds that of some developed countries, at \$1.37 trillion, per capita \$29.9 thousand (World Bank, 2012; Gulf Corporation Council GCC, 2013). Three countries among the GCCs have a large share of EC as total 7 billion \$, and are expecting significant increases to reach \$13.4 billion by 2020 (see Figures 6 & 7) (Payfort, 2015).

**Figure 6: E-commerce value market in six countries in the Middle East (Payfort, 2015)**



**Figure 7: Expectation of e-commerce increased value in 2020 (Payfort, 2015).**





#### **4.1.2 PEST Analysis of GCC**

PEST is a tool used to analyse whether a country or market is likely to be affected by certain factors. In this study, each element has focused on factors related to e-commerce logistics. For example, the political systems of GCC countries are monarchies and they have agreed to cooperate in one council. In addition, Tables 8 and 9 show that, between 2010 and 2014, the six GCC countries increased in top 50 in relation to e-government. There is support for the project and new agreements have been activated in commerce, which e-fulfilment have effected on such new rules.

Moreover, projects such as Saudi Vision 2030 have focused on avoiding relying on oil income, and factors such as the economy can be used to explain the growth in GDP and Internet users based on population changes. Thus, infrastructure plans have progressed and might have affected e-fulfilment in the different cities across the five countries. Table 10 shows various factors gathered for different resources in each country, such as Internet users as a proportion of the total population and the rank of each country based on various factors, such as infrastructure, inflation fluctuations and GDP.

Furthermore, in the social element, young people are the largest parentage of the population. Besides Internet users increased rapidly and logistics system need to follow the dramatics changes. Culture and language are illustrated in this element, as the five countries have a similar language and traditions and trade between them have determined one of this research study.

In terms of technology, such factors as business innovation, skills, etc. In addition, Internet users and mobile subscriptions are illustrated for each country to provide more detail of the readiness of e-firms in business and consumers affordably. Competencies and technology provide in-depth details of how insourcing or outsourcing works based on the skills of each country. The rank of each country is based on its LPI ,which illustrate each country readiness in different level.

##### **4.1.2.1 Politics**

In 1981, SA, UAE, Bahrain, Qatar, Oman and Kuwait (GCC) agreed to a corporate system of politics and other common objectives and special relations based on Islamic beliefs (Aladwani, 2003). The government was authorised through the monarchy to

provide stability at a political level. Moreover, the surrounding area was not considered to be stable, especially Iraq and Iran (see Figure 8).

**Figure 8: GCC countries mapping area and surrounding countries (Source: 2b1stconsulting, 2012).**



Electronic commerce in GCC countries has developed and expanded in both government and private sectors. Regarding the government sectors, different studies illustrate the benefits and challenges of applying e-government throughout GCC. (Omari, 2013) studied e-government in the GCC and the huge benefits obtained from reducing costs, increasing the speed of operations, improving the service and so on. However, the interesting advantage that most GCC countries share is in their global ranking in the United Nations (UN) e-government report. Table 8 and 9 shows that from 2010,2012 to 2014, the UAE moved up 21 places, from 49 in 2010, to 28 in 2012, and SA rose from 58 in 2010, to 36 in 2012. In addition, Qatar and Oman e-government rankings have increased by 18, whereas Kuwait and Bahrain went down 13 places; surprisingly, Bahrain that was in 13th place in 2010, dropped to rank 36.

**Table 8 : UN e-government ranking of GCC countries (Source: Omari, 2013)**

Country	E-Government 2012	Rank 2012	Rank 2010	Rank Change
United Arab Emirates	0.7344	28	49	+21
Bahrain	0.6946	36	13	-23
Saudi Arabia	0.6658	41	58	+17
Qatar	0.6405	48	62	+14
Oman	0.5944	64	82	+18
Kuwait	0.5960	63	50	-13

**Table 9 : Different ranking of GCC countries to 2014 (Source: publicadministration.un.org, 2014.p30)**

Country Name	Organization	EGDI 2014	2014 Rank	2012 Rank	Change in Rank
<b>Very High EGDI</b>					
Bahrain	GCC Member	0.8089	18	36	↑ 18
<b>High EGDI</b>					
United Arab Emirates	GCC Member	0.7136	32	28	↓ 4
Saudi Arabia	GCC Member	0.6900	36	41	↑ 5
Qatar	GCC Member	0.6362	44	48	↑ 4
Oman	GCC Member	0.6273	48	64	↑ 16
Kuwait	GCC Member	0.6268	49	63	↑ 14
<b>Regional Average</b>		<b>0.6838</b>			
<b>World Average</b>		<b>0.4712</b>			

Moreover, governments in the GCC countries plan to link with each other after four months, which is good news for EC investment (Menatech, 2013; e-Government, 2014). The UAE has declared that e-government is currently being used, and that now is the time to move forward to intelligent government (Albayan, 2013). On the other hand, government has supported and encouraged people to become involved with EC, and it is obvious from Table (10) that four countries needed little encouragement to do so. There are agreements of commerce between the GCC countries, and SA has applied security and crime prevention to E-commerce trading and have franchise system for foreign firms(Council of Saudi Chambers CSC, 2015). This is usually applied once e-commerce shipments have been received and are able to move freely between the other Gulf customers (GCC-SG, 2004).

**Table 10: Overview of economic factors in GCC countries**

GCC	Economic states 1+4	Internet users (million)	Population (million) 2012 (1)	WB*	Telephone lines per 100 (2)	GDP (5)	Unemployed 2010
(KSA)	Stable	13.0	29.195.895	17	16.64	3.6	10%
UAE	Stable	5.9	8.264.070	27	33.63	4.6	6.3%
Qatar	Stable	1.7	1.916.426	14	20.56	5.6	4.1%
Bahrain	Stable	1.0	1.317.827	37	28.42	3.6	4%
Oman	Stable	2.1	2.663.224	32	9.84	4.7	8.2%
Kuwait	Stable	2.1	3.314.001	34	19.83	2.0	3%

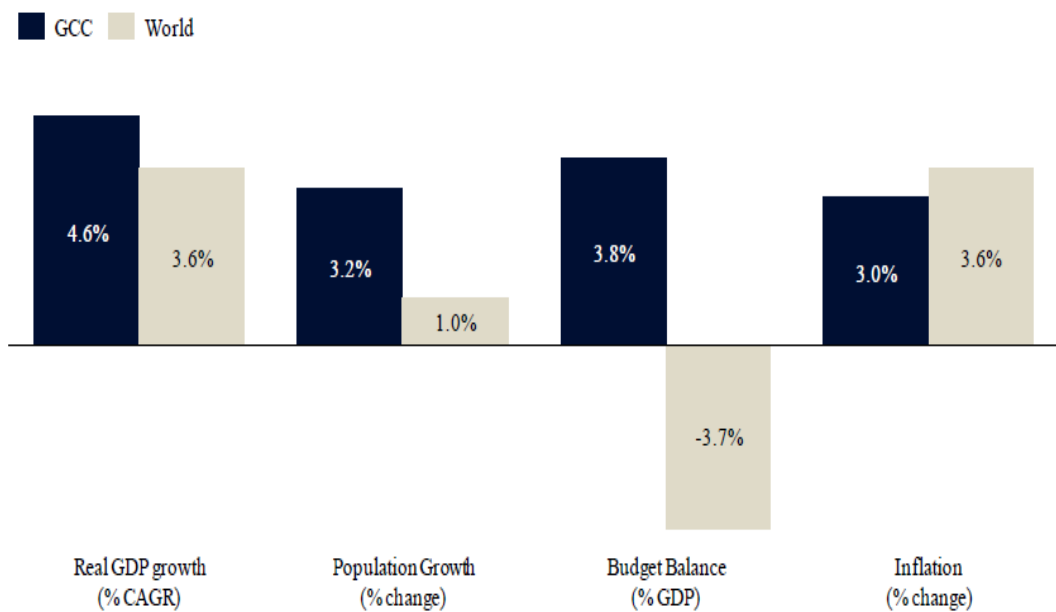
1= World Bank, 2 = World Economic Forum, 3 = Internet world stats, 4 = gcc.com, 5 = Qatar National Bank.

#### 4.1.2.2 Economics

Most GCC countries rely on natural resources from oil and gas, which provide a strong economic and stable environment for business. As the largest of the GCC countries, SA is the largest oil producer in the world and is among the twentieth strongest economies (QNB, 2012b). Whilst GCC countries are considered to be developing countries, at an economic level, they step up to the advanced level. Oil prices are changeable and clearly reflect any decline in economies. In addition, the production of gas has focused on the Organization of Petroleum Exporting Countries (OPEC), which has led to growth of 4.3% in this sector. The non-oil sector has also grown by 9% among the GCCs, especially in Qatar and SA, based on the investment in manufacturing of petrochemicals materials, metal products and a high volume of construction projects (QNB, 2012a).

The GCC has shown rapid growth in GDP since 2001, reaching \$1.37 trillion, which is larger than some developed countries, such as Germany and Japan, due to the high demand of oil globally. Figure (9) shows some comparisons of GCC with the rest of the world, based on growth of GDP, population and inflation fluctuations, and the percentage of budget balance (Aladwani, 2003; QNB, 2012b).

**Figure 9: Comparison between GCC countries and rest of the world based on economic levels (Source: QNB, 2012)**



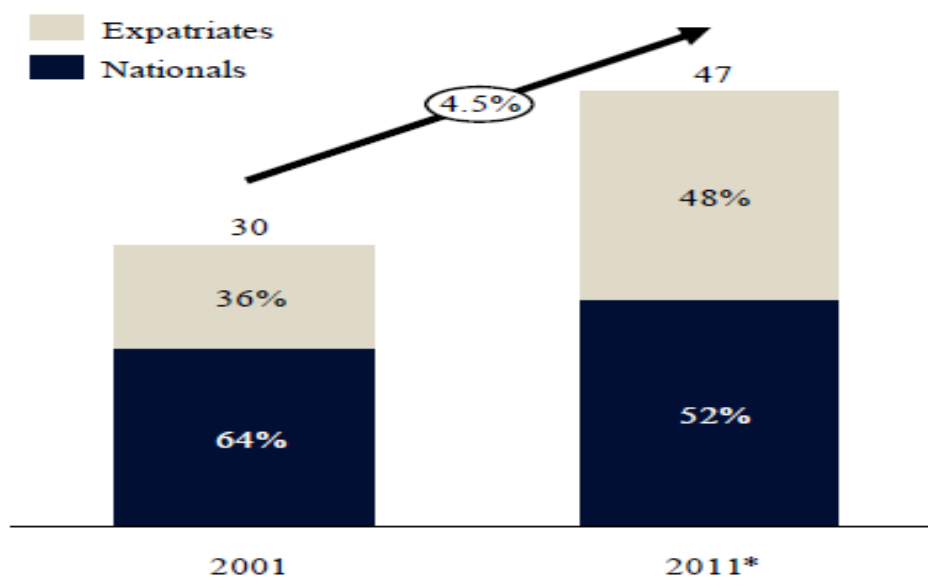
The revenue from oil has seen the GCC plan to develop infrastructure, educational elements and services in other parts of the area.

- ✚ SA: has a different plan for each four-year stage and focuses on one sector; by now it has reached its ninth plan, covering the period 2010-14, with spending of \$384 billion on communications, and approximately \$83 billion on information technology services.  
 The capital is Riyadh City, and major cities are Dammam and Jeddah. In addition, there is 2030 vision led by the third person in government, Prince Mohammed bin Salman, to development of all sectors and focus on technology by investing, as a first step, \$3.5 billion in Uber Corporation in Silicon Valley, USA (SPA, 2016).
- ✚ UAE: a federation of seven emirates with the capital Abu-Dhabi, spending \$200 billion up to 2030, and \$200 billion from 2008-2013. The major cities are Dubai and the famous hub, Jabil-ali, which has its own strategy.
- ✚ Qatar: has had massive changes in its political and economic industries, and has a vision up to 2030, spending \$225 billion from 2011-2016.
- ✚ Kuwait: has spent \$110 billion in development from 2010-14 to reach a 2035 vision.
- ✚ Oman: the eighth plan ran from 2011-2015 with a total investment of \$78 billion.
- ✚ Bahrain: infrastructure development plan to 2030 (QNP, 2013).

Most GCC countries have spent significant money from oil revenues in order to develop, including infrastructure, providing an attractive environment to companies from across the world and building an economy based on an educated and widely knowledgeable society. The last factor common to the GCC plan focuses on creating a factory that involves petroleum products.

Whilst that government spends a lot of money on investment in different sectors, with regards to e-commerce, the Ministry of Commerce and Industry in SA has committed to being responsible for speeding up the service through an infrastructure of technical support and security and legality policy. A pilot system has been finally approved until laws are assigned in the approaching months (MCI, 2016). On the same level, the Communication and Information Technology Commission (CITC, 2013) has applied anti-cyber and e-transaction regulation to EC law, which is still under negotiation in SA. The economic status of GCC countries is considered stable, with family monarchies in power (QNB, 2012b; World Bank, 2012). In addition, the authorised sites of GCC and each country has data available up until 2011, which Table 10 gathered from five different sources (World Bank, 2010, 2012; QNB, 2012; World economic forum, 2012; Internet world stats, gcc.com, 2012) to present recent data. Thus it can be seen that population figures have rapidly increased in all GCC countries, Figure (10) showing an increase of 4.8% overall. Moreover, SA has 29.195.895 inhabitants of which 43% are Internet users.

**Figure 10: Population growth in GCC in 10 years (Source: QNB, 2012)**



The second country in Table (10) is the UAE, which has a population of 8.264.070, about 5.9 million of whom are Internet users, which means that the majority of the public use

the Internet. Also, Dubai is considered a famous market city and the hub of UAE, offering a stable economy and freedom of policy for each emirate, with competition between them seen in the GDP of the country as 6.3% (UAE national Bureau of Statistics, 2012).

The third and main country to use hydrocarbons is Qatar, which has shown progression at political and economic levels, and has developed a large population of 1.916.426, 1.7 million of whom are Internet users. Qatar is ranked 14 in the top 20 competitive countries in the world because it has good conditions regarding global standards (QNB, 2012; World Bank, 2012).

Table 10 shows Bahrain to have a population of 1.317.827, with 1 million Internet users. Bahrain is placed at 36 in global rankings, which shows a drop of 23 (from 36 to 13 in 2010) and might be as a result of the instability of the country's politics in recent years. However, Bahrain is still in the top 40, with a GDP of 3.6%.

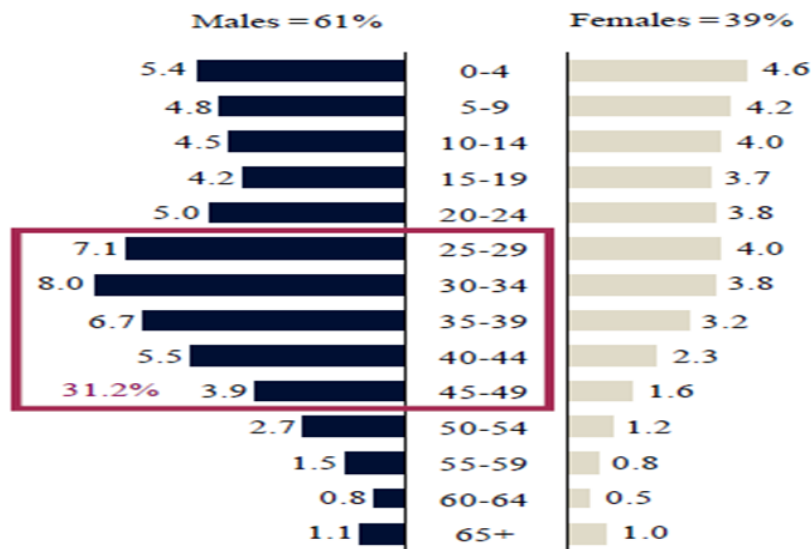
Oman and Kuwait have the same amount of Internet users with different populations – Oman 2.66.224 and Kuwait 3.314.001, with global rankings of 32 and 34, respectively. The GDP of Oman (4.7) is better than Kuwait (2.0).

SA has a large population, which is the next factor to explain in detail, and at the same time the country has the highest employed percentage of population among the GCC countries: 10%, followed by UAE with 6.3%, other countries being below 4.1% (CITC, 2012; QNP, 2012).

#### **4.1.2.3 Social**

The population of the GCC countries accounts for around 0.7% of the total world population, which reached 47.671.443 in 2012 (World Bank, 2013). The population has increased by about 4.5% since 2001 (see Figure 11). This is in contrast to the GCC population (total number of nationals and non-nationals) which this study focuses on, and how users buy without regard to differences in ethnicity. The high percentages of average ages are 15-39 for both males and females (see Figure 11).

**Figure 11: GCC's population classified based on age and gender, with the highest percentage shaded (Source: QNP, 2012)**



However, some variables, such as delivery times, can be affected by elements such as the culture of one GCC country, in which women are not allowed to drive (this is only in the case of Saudi Arabia). In addition, some grocery products can be affected by high temperatures, which can reach 45°C, with heat caused by congestion and the temperature of road surfaces. Moreover, dispatching a product often only occurs after payment is made, which can be difficult, especially with order confirmations if there is poor ICT or payment infrastructure.

Having said this, most websites provide the ability to accept Visa, but most people avoid using a Visa card because they are afraid of the risk of doing something not permitted under Islamic rules. Returning products in the GCC, particularly in Saudi Arabia, is not an easy process. Women are not allowed to drive, and most large companies are based in big cities such as Riyadh and Dammam, where there is a risk of losing customers. Cultural factors play an important role in developing countries. For example, China has changed its retail payment methods in accordance with the Western EC wave (Lo et al., 2001); (Hu et al., 2004). On the other hand, women can drive in all GCC countries apart from Saudi Arabia, which could allow a multi-channel delivery method such as pickup delivery, which might be a solution for grocery products, as concluded by a recent study in Jordan a country with similar language, religion and traditions (Al-Nawayseh, 2012).

The important role of culture is supported by Islamic rule, which dictates most decisions (Idris, 2007). Culture can be defined as “an integrated set of knowledge, beliefs, values, attitudes, goals, behaviours, and practices that characterizes a group or society of people



and determines their way of life” (Morsi, 1995, p. 29). GCC society has a homogeneous culture, so that most of the Arab world (which is Islamic) rules substantially affect life and decisions made in trade and commerce. SA has special status, which means it has not been colonised and affected by Western countries, Arabic is still the major language, and women are unable to drive in the country (Idris, 2007). Similar specifications and beliefs in GCC countries bear a high relation to wealth and power with regard to Hofstede’s culture classification. GCC society is high in Hofstede’s (1984) domination power of distance factor, illustrating inequality in favour of the wealthy and powerful in GCC society, especially in SA, where women are unable to drive and cannot go out without an adult relative. Moreover, delivery personnel are unable to call at a house without identification or a company uniform, and a woman alone in the house cannot open the door if she has not been notified before arrival.

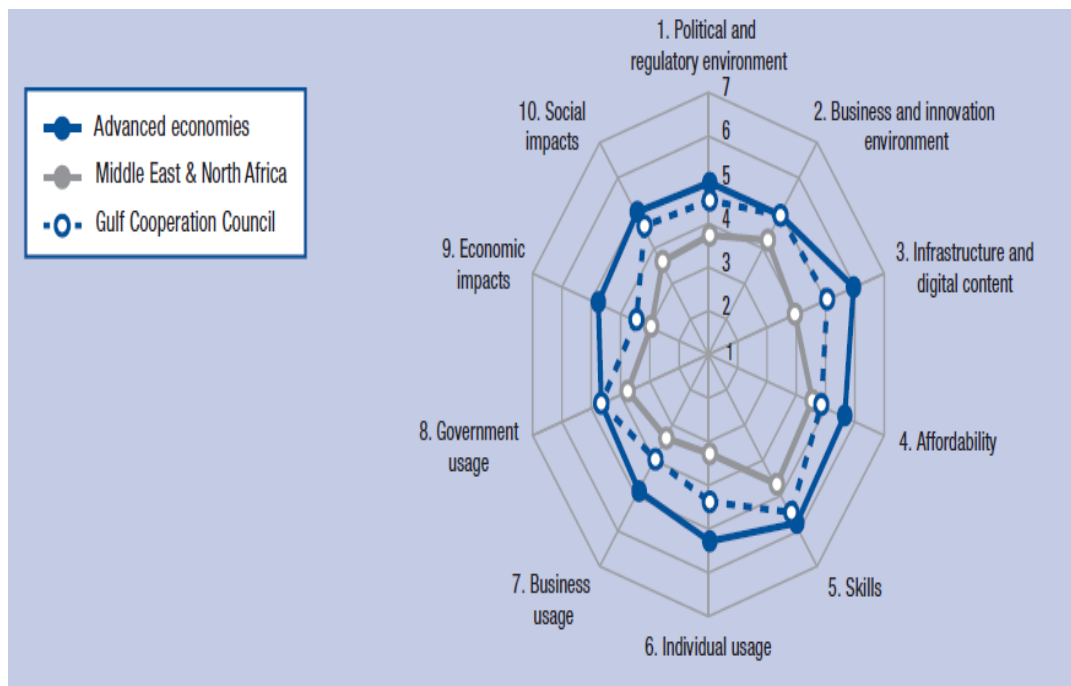
This issue is still controversial, and differs across GCC, which means it might apply in SA, but not in other GCC countries. A clear example is that the eastern regions of SA are not as strict with tradition as the centre (capital and surrounding areas), which means delivery restrictions are a little more relaxed. Women may deal with people under Islamic rule (such as wearing a scarf), which becomes more flexible. Indeed, some strict traditions carry the Islamic name but are not Islamic at all. In addition to collectivism of orientation, masculinity and individualism saw SA rank much higher than the USA in four dominations (Hofstede, 2001). Moreover, strange norms and new situations have emerged that may not be suitable for GCC society, and reflect a high level of collectivism, which creates a situation similar to uncertainty avoidance where change acceptance is not easy and is considered as a major risk (Hofstede, 1984; Bjerke & Al-Meer, 1993; Al-Gahtani et al., 2007).

GCC lifestyles are different and have changed in the last five years, resulting in faster trade, particularly online, and huge numbers of students who have travelled to study all over the world. In addition to the availability of the Internet through broadband or mobiles, a number of factors have led to an increased number of users and buyers, and provided the chance for firms to expand their operations and channels. The last tool of PEST is technology, which will be discussed below.

#### **4.1.2.4 Technology**

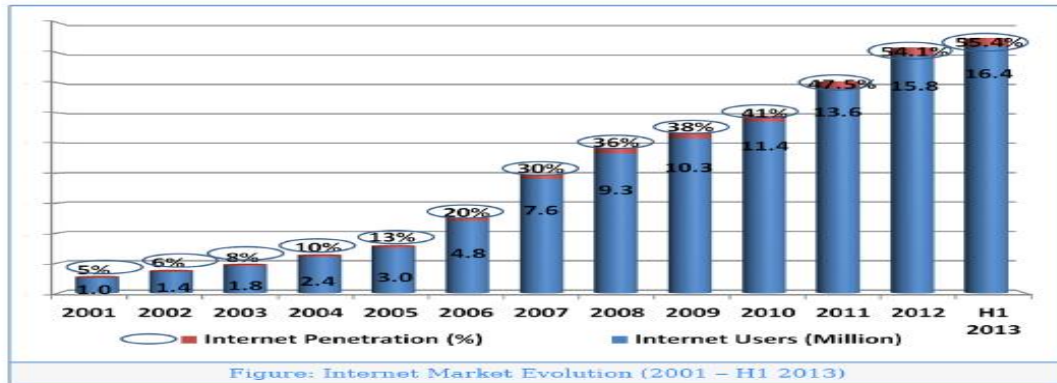
Over the last decade, GCC countries have witnessed developments in ICT. Technology in countries always looks first for government movement and how encouragement through speed of government development can lead to more trade and speed in the commerce of the country and globally. E-government in GCC, as previously shown in this thesis, has highlighted how the region has improved global rankings by large percentages, especially UAE and SA, reflecting on the support of ICT improvements and providing more chance for technology to grow (Omari, 2013). Thus since 2013 a study discussing technology in GCC, particularly in SA, showed it as poor and lacking, but nowadays the situation is different and significant progress has been made (AlGhamdi et al., 2011). The development of technology in GCC countries has put them in the top 40 global rankings of the global networks readiness index report, which uses ten standard pillars to measure countries. These include political and regulatory environment, innovation and business environment, infrastructure and digital content, affordability, skills availability, usage of individual and business and government, and the impact of social and economic factors. Five countries of the GCC are ranked between 27<sup>th</sup> and 40<sup>th</sup>, including Bahrain at 27, followed by Qatar, in at 23, and UAE has moved up five places to reach 25<sup>th</sup>. Additionally, SA has moved from 34 to 31, and the rankings for Oman and Kuwait are 40 and 62, respectively (World Economic Forum, 2012; WEF, 2013). Thus, Figure (12) shows how GCC's development in strategy and massive infrastructure development has helped provide the chance to attract foreign investment. Government effort has helped to create an environment of innovation in business and expanded commerce under a legal umbrella by using advanced ICT and developing skills, which has allowed them to reach much higher positions through advanced and strong economies. This great development and speed of movement has allowed them to skip the 'digital divide' or 'global divide', which means big differences in factors such as physical infrastructure or the growth of Internet users (Mulligan, 2013).

**Figure 12: Comparison between the level of network readiness in GCC countries and advanced economies (Source: WEF, 2012)**



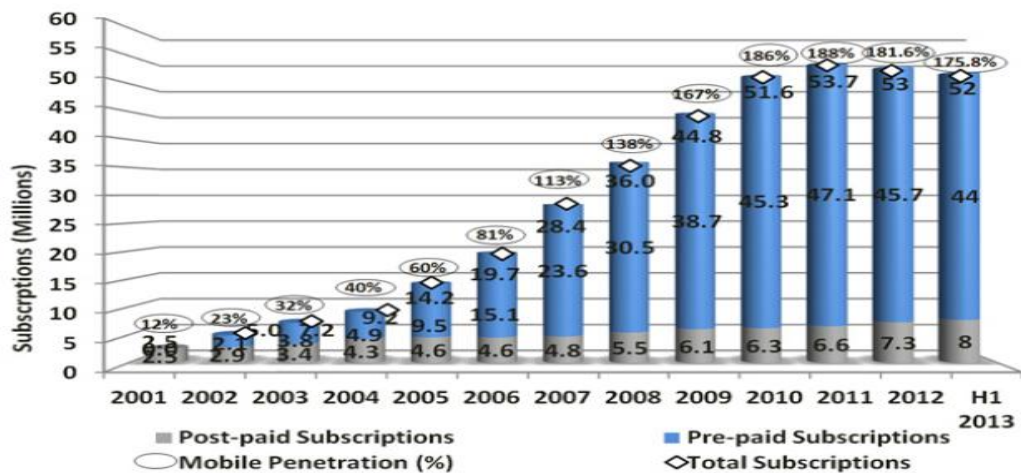
The population of GCC countries is around 46.67 million, although in some countries, such as Kuwait and UAE, the number of expatriates working in different sectors is thought to be many more than nationals. Also, the amount of transaction trading, cargo and money is huge: for example, the latest figures show that 150 billion SAR was transferred to different countries via different channels. GCC countries have an agreement that will link the e-government network between countries (Menatech, 2013), which may help entrepreneurs and private trading. SA is the largest country, having had 16.4 million users in the first quarter of 2013, and a penetration of population of 55.5% (that was 5% in 2001). The number has grown recently and is also expected to increase regarding variety of service, such as fibre optic cables for high-speed Internet, with various smart phones and application tools (CITC, 2013) (see Figure 13).

Figure 13: SA internet users and penetration percentage (Source: CITC,2013,p3).



In addition, there are 52 million subscriptions with a 175.8% penetration rate, and the majority (84%) preferring pre-paid subscriptions. Figure (14) shows a decline in 2013 due to new regulations from CITCs to cover fraud in SIM card sales without registering the identity of individuals, and also preventing free international roaming and calls abroad from SA, which has caused the de-activation of services for people who use their SIM card abroad.

Figure 14: Mobile subscriptions and total subscriptions in SA (Source: CITC, 2013)



Fixed ‘phone lines have 4.7 million subscriptions, of which 3.3 million are residential, an estimated 70%. Figure 16 shows a rapid growth between 2001 and 2013 of population and household teledensity. Strong competition between four service providers (Saudi Telecom Company STC, Mobily franchise from Etisalat, Zain and Go) has led to gradual growth during the six years, which has led to a 50% penetration of subscribers using mobile broadband. Thus, 14.8 million of the Saudi population has links with a company that provides 3G services which can be converted into 4G for faster Internet speeds.

ADSL and WiMax are also provided, with the government supporting this huge project in ICT (see Figure 15; CITC, 2013).

Figure 15: Fixed phone subscriptions from 2001 to 2013 (Source: CITC, 2013, p. 1)

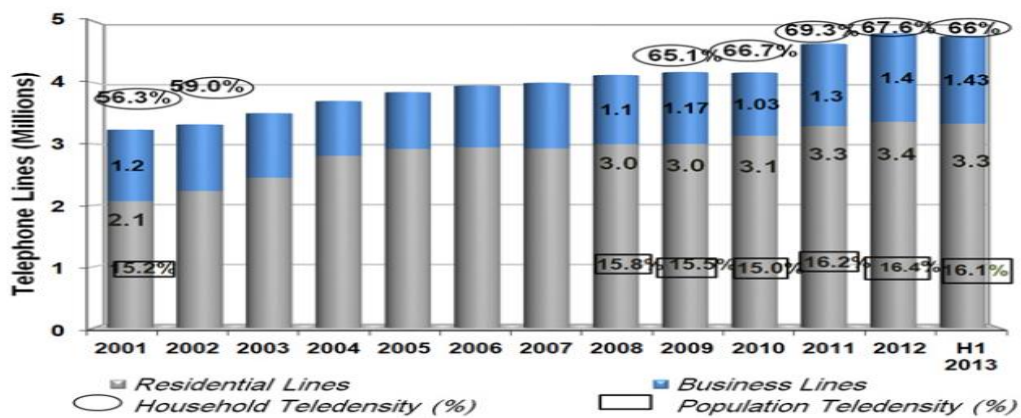
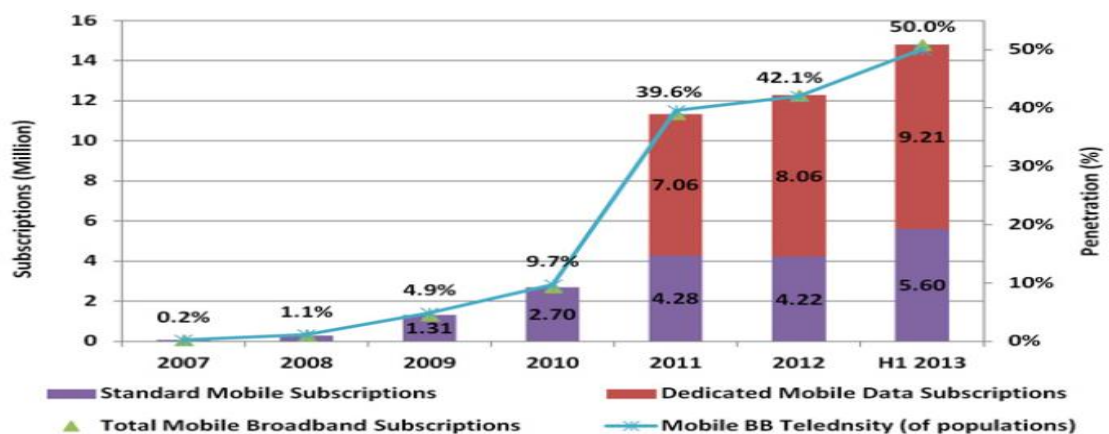


Figure 16: Mobile broadband subscriptions and penetration, 2007-2013 (Source: CITC, 2013, p. 2)



UAE provides the service with different categories (or so-called baskets), each one having its own features as the numbers of Internet users grows, and the government is moving to a smart government with the support of Prince Mohamed bin Rashid (Telecom Market Indicators, 2013). There are two service providers in UAE (Etisalat and Du) and the subscriptions of fixed telephone lines are 1.967.486 and 13.775.252 respectively. These numbers have been seen to be more than double the emirate population, the reason being that most people carry a mobile phone or are subscribed with two devices. The number subscribing to Internet services is 957,816 (TMI, 2013).

Oman is considered the second country after SA, due to its large area and more nationals compared to expatriates. The country's population is around 2.6 million, with 82.43% penetration rate of fixed telephone lines. Providers of mobiles are considered the largest

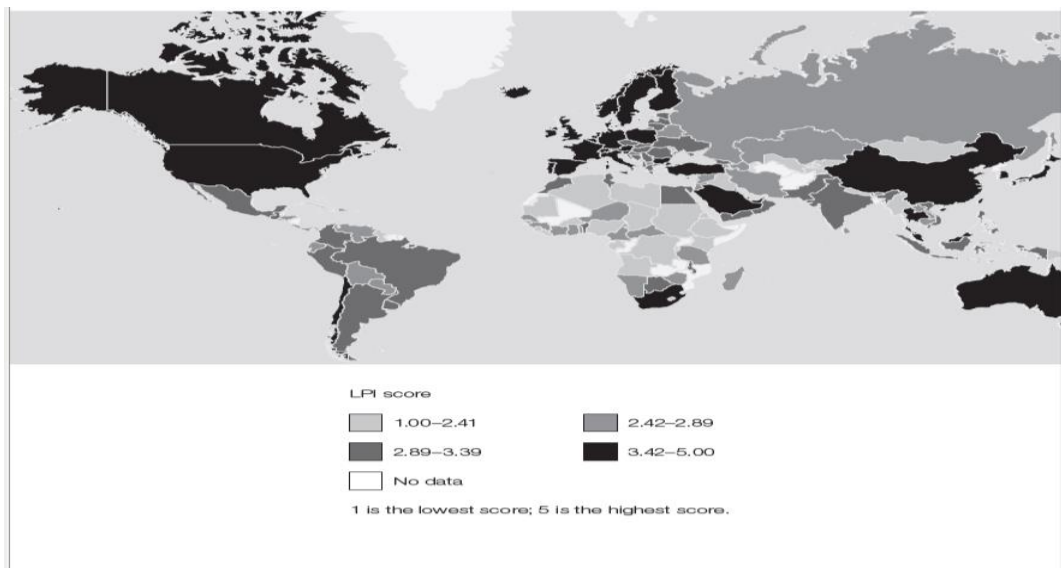
among fixed phone and Internet services, with more than 5 million subscribed to a mobile service, and 127,549 Internet users subscribed on fixed-line Internet with almost 32% per household (Telecom Market Indicators, 2013).

GCC countries have made some progress, but still suffer from challenges with regard to culture. Barriers can be from internal and external factors, and the countries need more labour and talent in the IT sectors. In recent years, large construction projects have been launched in GCC countries, but there have not been enough staff available. In addition, society in the Gulf is very traditional and the culture is strict, so most experienced workers have come from Western countries, and most organizations have introduced advanced technology from the West. As most technology has been designed in developed countries, this might be considered culturally biased against societies in developing countries, because it is thought that Western ideas and values might challenge the region, especially for those who only speak Arabic languages. Moreover, programmes need to be suitable for the culture environment, which might fail to adapt in the GCCs or the Arabian world.

### 4.3 Logistics Activity in GCC

“The quality of logistics services is central to trade efficiency and is strongly associated with the reliability of supply chains and the predictability of service delivery available to producers and exporters” (World Bank LPI, 2012, p. 4). Physical distribution (PD) reflects the majority of logistics, and is considered important in EC operations, which need to include these two elements in GCC countries. The Logistics Performance Index measures certain factors and grades them in a rank from 1 = “not meeting the standard factors” to 5 = “achievement” with regard to efficiency of process and border monitoring, in addition to quality of transport, infrastructure, development of global demand and shipment delivery method with accurate timing (World Bank, 2012). Figure (17) shows the scores for 155 countries around the world, while Table 11 illustrates the GCC ranking for the years 2014 and 2016, which show the situation regarding meeting infrastructure and transportation requirements on a global level.

**Figure 17: Classification by global country score (Source: World Bank, 2012)**



The UAE is in first place in the GCC countries and 17<sup>th</sup> globally, with an achievement score of 3.87, followed by Qatar and Saudi Arabia; however, their scores for readiness of performance are still below average at 3.32 and 3.18, respectively. With regard to economic conditions, Saudi Arabia and Bahrain have yet to achieve good performance for transportation and infrastructure. In addition, in 2014, UAE and KSA went down in global ranking compared with achievement in Bahrain. Oman and Kuwait are placed low in the ranking, with poor scores, placing them low down in the LPI, but there are countries with unstable economic conditions that have better infrastructure and showed some achievement in 2014 (World Bank, 2012).

**Table 11: GCC ranking with regard to LPI (Source: World Bank, 2012)**

Country	Global ranking	GCC ranking	Score	2014 ranking	2016
UAE	17	1	3.78	24	13 ↑
Qatar	33	2	3.32	29	30 ↓
KSA	37	3	3.18	49	52 ↓
Bahrain	48	4	3.05	52	44 ↑
Oman	62	5	2.89	59	48 ↑
Kuwait	70	6	2.83	56	53 ↑

Physical distribution (PD) is concerned with outbound operations logistics, which deals with the finished product and is considered important to both customer and firm with regard to time and place of product (Ellram et al., 2006). Service quality (SQ) is popular in market studies and enhances customer satisfaction. In the online form, e-SQ can be defined as “the extent to which a website facilitates efficient and effective shopping, purchasing, and delivery of product and service” (Zeithaml et al., 2002)p. 363). The delivery of product concerns physical goods, which have not been considered much in logistics research. Physical distribution service quality (PDSQ) has been developed to cover some shortness of focus on B2B and marketing perspective (Xing & Grant, 2006).

Therefore, this model is classified in four stages: the first one is delivery time, which is concerned with such methods as scheduling accurate time and speed of delivery. However, e-fulfilment in SA is different between grocery and non-food items, and as a large grocery retailer such as Carrefour does not provide a delivery service, the first experience stemmed from one popular retailer. However, at the grocery level there are small stores known as *Bakalah*, which provide delivery by phone. In SA it is popular for the majority of stores to use telephone ordering followed by delivery, and even such brands as McDonald’s follow this process. Non-food retailers are classified as pure players and multi-channel retailers, and have spread to many of the large cities and the capital. They have fulfilment processes involving ordering and delivery, then payment (offline), and involve other factors which this study will explore in detail.

However, logistics functions are not affected or changed by different methods of ordering, and the operation of logistics is still the same, whether the order is given by telephone or online. For example, in Jordan society prefers to pick-up the order with regards to



shopping via e-grocery, which reflects a different sort of e-fulfilment in e-grocery ordering (al-Nawayseh, 2012). Therefore, e-fulfilment may differ with regard to related factors. GCC countries are similar in many ways, but some cultural factors might cause changes, which this study will investigate. On the other hand, ordering globally illustrates that a third party, such as the Saudi Arabia Post (if the customer is subscribed to them), will come to the area through an arrangement made by telephone. Few online retailers retain items in a branch to allow customers to receive them.

On the other hand, for local delivery, if the customer lives in the capital, then this can be arranged by telephone call, but will involve drivers who have to speak Arabic to determine the precise location. If the customer is outside the capital, then delivery will arrive randomly, which means that the Saudi Post or a local or global logistics service provider is used (LSPs). The second factor is availability of the product, how it may be substituted, and offers provided. Next is the proper product and condition, which includes plans for when a product is damaged during transit. The ability for customers to return a product is considered critical, which involves a return policy with regard to customer satisfaction (Kim & Jones, 2009). In addition, the customer will be looking for speed of replacement with the right item (Xing & Grant, 2006). Ordering online from another country might involve solutions from GCC countries in order for customers to avoid the complexity of rigid border policies. Such products may take longer than expected to arrive, as Amazon.com, for example, does not have local distribution centres. However, even though there is an attractive market in the Middle East, with a very active hub and efficient shipment logistics technology, Dubai is still not considered a target for leaders in the pure play and multi-channel markets, which this research discusses in detail.

### **4.3 Summary**

This chapter critically discussed GCC countries in relation to PEST factors. E-commerce and logistics activity were illustrated in detail, particularly GCC countries and UN e-government ranking. In addition, logistics activity was discussed critically, together with LPI rankings and development achieved in recent years. Governments have fully supported new projects, such as KSA Vision 2030 and Dubai Expo 2020, which will help provide ECF in the region. Lastly, such solutions in the literature have to be examined in the GCC context, as there is a gap in the ECF identified in GCC countries. The next part presents an overall conclusion regarding the literature review chapters.

#### 4.4 Conclusion

Therefore, the gap in the literature has been illustrated in the previous chapters. Moreover, there has been insufficient focus on B2C and C2C from scholars. More study is needed, particularly on electronic and MC channels, rather than focusing on one channel (Bask et al., 2012). In addition, from the research above, e-grocery needs to be studied from the B2C logistics perspective (Xing & Grant, 2006). One study found that e-grocery has attracted more EC fulfilment studies in Arabic countries compared with the results found in Jordan (Al-Nawayseh, 2012).

Lang and Bressolles (2013) conducted a recent study into e-fulfilment based on economic performance and the expectations of customers, and left a gap to discover ECF among such retailers with regard to product types and the achievement of an ideal logistics system that might take into account both cost and fulfilment services.

This study has obtained results that can contribute to knowledge by investigating several categories, such as e-grocery and non-food in PPs and MCs (Xing & Grant, 2006). Discussing e-commerce logistics from a business point of view can support the literature as there has been limited study of logistics (Sohail & Al-Abdali, 2005). Considering logistics from the purchase experience of firms and consumers can add rich information to logistics and marketing study. Moreover, this study includes the perspectives of males and females in various cities to show the fulfilment of services in the region. Discussing B2C from an e-commerce logistics perspective can supplement the limited amount of current study of this subject (AlGhamdi et al., 2011).

Therefore, with regard to the debate in the literature, it is worth mentioning that there is a gap in relation to ECF, especially in GCC countries, in which there is a shortage of research discussing the Middle East and Arabian countries. Nevertheless, this study tries to fill the gap by considering e-commerce from a logistics perspective, not only from the perspective of firms or consumers, as e-firms, LSPs and consumers have been considered. Firms, whether PP or MC grocery or non-food companies, have been combined to fill the gaps between studies that focus on one category or one level. A large sample of different categories has been investigated from the five countries and from various different cities. In addition, the perspectives of various participants, i.e., managers, owners and consumers, have also been taken into account.

Therefore, as this study is the first of its type to be conducted in GCC countries, particularly from a logistics perspective, cultural factors have been discussed in detail to

assess their influence, based on B2C relations and the fit of the logistics model that is already assigned. This study derives data regarding ECF from Eastern countries, which provides more results and contributes to knowledge, in particular to logistics theory and EC, as most other studies have been undertaken in Western areas. Therefore, this study will try to fill the gap identified. The next chapter demonstrates how the following research questions are to be answered:

**Q1-** What model of ECF is being used in PP and MC firms?

**Q2-** Is the e-fulfilment process effective and efficient from a logistics and supply chain management (SCM) perspective?

**Q3-** How does ECF differ between locally purchased and international transactions in the GCC market?

**Q4-** Are there differences between large and small cities in receiving local and global orders?

**Q5-** What cultural factors have affected e-fulfilment in GCC countries?

# Chapter 5: RESEARCH METHODOLOGY

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## **Chapter 5 : RESEARCH METHODOLOGY**

### **5.1 Introduction**

In the previous chapter, the background to the literature was discussed and how it has shaped this study. Any research has a process which leads the overall activity to find solutions to the problem posed. The researcher should consider the different stages of the process that should be followed to make the thesis or project complete (Saunders et al., 2009). The nature of the methodology and the availability of data lead to success in research (Collis & Hussey, 2003). The research outlined in this chapter will consider the philosophy, then the strategy, followed by the method. This research is intended to investigate e-fulfilment among pure player (PP) and multi-channel (MC) retailers in the GCC, which need to be defined and a suitable paradigm chosen. This chapter is concerned with identifying which tool the researcher needed to use to collect data that will answer the research questions. Choosing the research methodology has to be done carefully and consistently with the overall literature. Methodology includes making different choices to give possible answers to the research questions, and to achieve the objectives (Collis & Hussey, 2009). In addition, creating a new model after the methodology has been chosen is based on the process.

The next part of this chapter considers to three parts as the research focus, which is structured around the philosophy of the research and the choice of approach, followed by a justification of the chosen methodology, then the design , including a population and sampling description. In addition, the data collection and analysis method, validity and reliability and ethical considerations will be discussed.

### **5.2 Research Philosophy and Strategy**

#### **5.2.1 Ontology and Epistemology**

Easterby-Smith et al. (2001, p. 27) :

“There are at least three reasons why an understanding of philosophical issues is very useful. First, because it can help to clarify research designs. Second, knowledge of philosophy can help the researcher to recognise which designs will work and which will not. It should enable a researcher to avoid going up too many blind alleys and should indicate the limitations of particular approaches. Third, knowledge of philosophy can help the researcher identify, and even create, designs that may be outside his or her past experience. And it may also suggest how to adapt research designs according to the

constraints of different subject or knowledge structures.” The philosophy of a piece of research can be recognized as the development of the logic and reason behind the study, with clear justification, and, further, the nature and background of the study, along with seeking truth and reality (Saunders et al., 2007).

In addition, Creswell (2007, p. 16) stated : “Philosophical assumptions consist of a stance toward the nature of reality (ontology), how the researcher knows what she or he knows (epistemology), the role of value in the research (axiology), the language of research (rhetoric), and the methods used in the process (methodology).” Choosing a philosophy is demanding for the researcher because it has an impact on the application of the research (Saunders et al., 2007). For example, **ontology** describes the idea of the nature of reality. Table 12 demonstrates the differences between paradigms based on assumptions (Hussey & Hussey, 1997). Research can be objective or subjective, based on the ontology, where objective researchers (positivists) believe that reality exists and is considered part of the perceptions and research interpretation of respondents, and that “social entities exist in reality external to social actors” (Saunders et al., 2009)p. 110). Subjective researchers, on the other hand, consider that the social phenomena of previous perceptions affect behaviour and “the perception and consequent action of social actors” (Saunders et al., 2009, p. 111). In positivism, reality is objective, with a singular view, and the researcher is excluded from the study (Bryman & Bell, 2007), whereas the view of reality is multiple and relates to personal understanding, and so interpretation is subjective. Thus, knowledge has to be obtained by such a concept that epistemology questions as follows: “How is it possible, if it is, for us to gain knowledge of the world?” (Hughes & Sharrock, 1997) p. 5). In research, **epistemology** focuses on the criteria of how to represent and describe reliable and verifiable knowledge. Epistemology in the positivist paradigm keeps a distance between the researcher and the analysis of data, while the distance becomes closer in an interpretivist paradigm (Saunders et al., 2007).

**Table 12: Classifications of the philosophy of research related to assumption (Source: Hussey & Hussey 1997, p. 48)**

Assumption	Question	Positivists	Interpretivist
Ontological	What is the nature of reality?	Reality is objective and singular, apart from the researcher.	Reality is subjective and multiple as seen by participants in a study.
Epistemological	What is the relationship of the researcher to that researched?	Researcher is independent from that being researched.	Researcher interacts with that being researched.
Axiological	What is the role of values?	Value-free and unbiased.	Value-laden and biased.
Rhetorical	What is the language of research?	Formal based on set definitions and impersonal voice. Use of accepted quantitative words.	Informal and evolving decisions. Personal voice use of accepted qualitative words.
Methodological	What is the process of research?	<ul style="list-style-type: none"> <li>- Deductive process cause and effect.</li> <li>- Statistic design categories isolated before study.</li> <li>- Context free generalisations leading to prediction, explanation and understanding accurate and reliable through validity and reliability.</li> </ul>	<ul style="list-style-type: none"> <li>- Inductive process mutual simultaneous shaping of factors.</li> <li>- Emerging design categories identified during research process.</li> <li>- Context bound patterns, theories developed for understanding.</li> <li>- Accurate and reliable through verification.</li> </ul>

The third form of philosophy is **axiology**, which considers a situation in relation to value. Just as in the positivist paradigm, the values of the researcher are separate from the conduct of the study and the analysis. On the other hand, the researcher's values in the interpretivist paradigm have an effect upon and interfere with the study design and analysis (Sharma, 2008). In axiology, there is an ethical process involved during the process of the research, in which some researchers (Saunders et al., 2009) have noted that "our values are the guiding reason of all human action" (p. 116). The language and focus on the words used in a study come under **rhetoric**, whereby researchers in the positivist paradigm use a passive voice and formal style in their study, which will keep them objective in their research. However, an informal style, using the researcher's own phrases to express opinions, is involved in the interpretivist approach (Saunders et al., 2007). Moreover, the term, **methodological** explains the process of a study; for instance, a positivist researcher is deductive and the study can be more generalizable and has greater reliability with regard to validity, whereas inductive researchers in an interpretivist paradigm link the context of the unknown information of a situation and mix the categories of the research journey (Hussey & Hussey, 1997) (Alotaibi, 2014b).

The philosophy of the research involves the principles of the pattern of collecting and analysing data about a phenomenon (Chia, 2002). This study will explain and adopt a clear philosophy to follow the research methodology process by clarifying a variety of ontological and epistemological assumptions, such as those derived in the study. Ontology reflects the researcher's view about the nature of reality, or whether the assumption that can be made about that reality is objective and exists, or is something that has been made in the mind (Easterby-Smith et al., 2002; Näslund, 2002; Blaikie, 2007). The assumption of this study was that it is subjective, and relies on the environment and circumstances surrounding the social and operational actors. The assumption made by the researcher involved which electronic commerce activities were chosen, how they were fulfilled by pure player and multi-channel firms in GCC countries, and how the owners and managers viewed this process.

The assumption above led the researcher to employ a qualitative technique, using interviews to obtain information from the participants, which would be analysed and guided by an ontological assumption. The extent of the reality established would be the epistemology of this research. Epistemology involves the relationship between the known and the researcher. Thus, the researcher made some assumptions about ECF in both pure player and multi-channel firms in GCC countries, and which processes were known by the retailers. Interviews were designed for owners and managers (whether headquarters managers or logistics directors) who had in-depth knowledge. The data revealed could potentially cover a wide area of knowledge about e-fulfilment. Furthermore, customers were considered to be important elements of the research.

Choosing the right paradigm and appropriate methodology would help to gain the richest amount of data from this study. Choosing the ontological and epistemological stance of a study is essential to determine the element of the research methodology. Designing a study begins when the topic has been selected and an appropriate paradigm chosen. A paradigm is an understanding of a phenomenon, or a world view within which research takes place (Creswell, 2003). As this research considers logistics, this will be explained in the following section.

### **5.2.2 Justification for Adopting an Interpretive Paradigm**

The choice between different paradigms is driven by the aim of the research and the reason for determining the research objectives. This research attempts to understand the meaning of an applied interpretive paradigm. The major reason for adopting an



interpretivist paradigm was that few data exist regarding logistics activity in e-commerce in GCC firms, whether pure- player, multi-channel or third party logistics services. E-fulfilment between the retailer and the customer required more investigation. Adopting an interpretive paradigm assumes that “the social world is mostly what individuals perceive it to be, and that reality is socially constructed as individuals attach meaning to their experience” (Narcisse & Harcourt, 2008) p. 1156). Furthermore, seeking details regarding such situations allows a researcher to obtain deep understanding of phenomena. An interpretivist paradigm has been described as a suitable technique for collecting relevant data (Saunders et al., 2009). Further, this approach provided more data regarding e-fulfilment in GCC online firms.

### **5.2.3 Study Approach**

The research approach considers the guidelines of the study and which paradigms can be followed (Kaplan, 1973). A paradigm can be defined as: “the framework that guides how research should be conducted based on people’s philosophies and their assumption about the world and the nature of knowledge” (Collis & Hussey, 2009) p. 55). Collis and Hussey (2003) also classified the study paradigm into positivism and interpretivism.

#### **5.2.3.1 Positivism**

Positivism uses deductive logic and assumes a social reality based on objectivity and singularity, which means that what is being investigated cannot be affected by the act of investigation. In addition, “positivists are concerned with the hypothetic-deductive testability of theories” and “scientific knowledge should allow verification or falsification and seek generalisable results” (Chen & Hirschheim, 2004)p. 201.

However, this paradigm has a weakness: it is, to some extent, hard to isolate researchers’ beliefs from their interest in the object of the research. In addition, the conclusion of a project conducted using the positivism paradigm may not be clear without examining the influence of human perception, especially that which is related to complex phenomena (Collis & Hussey, 2009).

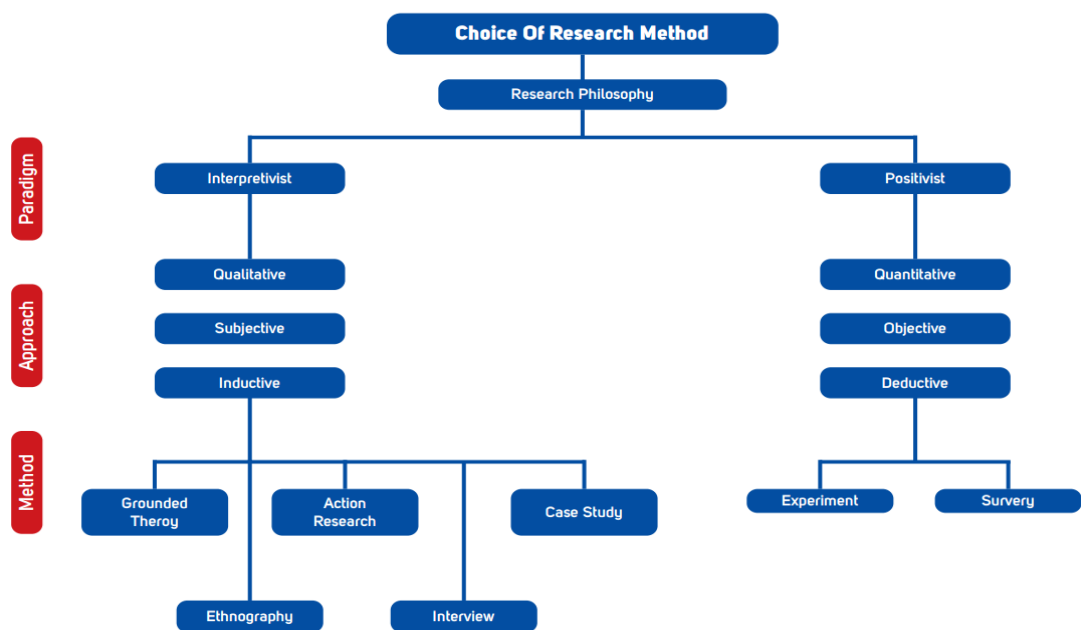
#### **5.2.3.1 Interpretivism**

On the other hand, interpretivism was developed to cover the shortcomings of the positivist paradigm, and is defined as being “underpinned by the belief that social reality is not objective but highly subjective because it is shaped by our perceptions” (Collis & Hussey, 2009, p. 57). Interpretivism is concerned with the reality of social factors and

complex statuses. This paradigm is subjective and can be used to understand social perspectives. The inductive process has been followed in this paradigm to deliver clear results for the study.

Choosing the appropriate technique has to come from the right paradigm (positivism, interpretivism, transformative, or pragmatism), as each has an effect on the data that will be collected. Qualitative and quantitative techniques have features that focus on data, based on whether they are subjective or objective, deductive or inductive and then choosing the most suitable method (Collis & Hussey, 2003). This research focuses on discovering the ECF and related logistics activity in pure player and multi-channel firms in GCC countries, the related processes and the factors that affect it. This involved applying a second paradigm to understand the situation of the e-fulfilment process in the GCC, and using an inductive approach to obtain in-depth data from the managers of EC companies. Therefore, the interpretive paradigm was employed in this research, using qualitative technique and following the research process shown in Figure 18 (Young, 2007) The research have followed Young’s classification of the chosen interpretivist paradigm with a qualitative approach using induction, as there was little information about EC logistics in the GCC online market and data. However, this research follow the Young method, which is classified as follows: grounded theory – ethnography- action research – Semi-structured interview and case study.

**Figure 18: Methodology process chosen in the research (Source: Young, 2007)**



This was a possible tool for obtaining rich data about EC logistics and to understand e-fulfilment in GCC countries, as well as to answer research questions such as knowing more about the sort of EC model being used, the reason for its use, and whether local products are treated as local, and why. Moreover, this tool could gather information about product transactions between GCC countries, the methods used and whether they fulfilled customer service expectations or not. Questions like these needed the use of interviewing to gather appropriate data and to determine the research objectives.

Nevertheless, B2C services among GCC retailers employ different methods, and some variables are not obvious, as there are clearly some barriers and factors, beginning with transportation, policy and culture. The six nations are similar in general beliefs, traditions and religion. However, the market is growing fast, and is changeable with respect to foreign and local business. Therefore, Qatar, the UAE and SA have invested a large amount of money and launched various plans to reform the infrastructure and other factors to bring about large company investment. These firms, whose services and fulfilment needed investigation, whilst taking into account cultural and religious factors, have a variety of online services and are multi-channel. E-fulfilment in EC and logistics activity needed to be explored, as the focus of this research.

#### **5.2.4 Researcher's Role in the Study**

This study follows a qualitative approach, which includes the beliefs and values of researchers by requiring them to state their views towards the object of their study. In qualitative studies, values and beliefs shape the path and process of the research. As this work follows a qualitative approach, the researcher needs to reveal his values and beliefs regarding the study.

Based on the literature review, there is a gap in the empirical study of logistics in the Middle East and the GCC, particularly regarding B2C. The need for a qualitative study of logistics is supported by two main reasons: first, logistics needs more qualitative, rather than quantitative, research; second, Arabic managers prefer to talk, rather than fill in surveys (Assad, 2002). As there are gaps in both knowledge and practice, this study elected to use a qualitative technique with semi-structured interviews (Al-Nawayseh, 2012; Bask et al., 2012; Lang & Bressolles, 2013).

In addition, there was a desire to know, by utilizing systematic tools, how logistics operations fit within a firm's general strategy, and the readiness of global and local LSPs

in the region to accept the e-commerce trend in small and large cities, whether in economically famous Dubai or in Salalah in Oman.

When considering a blend of ontology and epistemology, the researcher's values and beliefs play a role in what is expressed during the analysis of the data and the study process (Bryman & Bell, 2007; Creswell, 2007). The researcher engaged with the study process from the title and then the interpretation of data by examining meaning in the text, as he is from one of the countries in question and has the same religion, Islam, as the five participants. For example, in GCC countries, meeting and introducing a topic, and defining the importance of the results, have more advantages than sending a survey. Furthermore, women cannot be met individually and need to be approached in public spaces or by telephone. Thus, mention that value hard to be a free and achieved as mostly researcher affect their study by their value. Some interests have affected the process of this study, whereby both quantitative and qualitative approaches had to be purely objective, which quantitative consider less than qualitative , even more knowledge is shaped by our attitudes toward the world.

### **5.2.5 Logistics Study Theory**

Logistics as a scientific discipline is considered to be a young field, based on academic contributions which emerged in the 1960s. In addition, social science in logistics has derived new ideas and radical solutions (Stock, 1997; Arlbjørn & Halldórsson, 2002). On the other hand, in relation to logistics and supply chain, deeper study is needed to understand such phenomena, underpinned by a call from such authors as (Mangan et al., 2004) who observed that qualitative data is more about understanding than quantitative data. Therefore, this study will investigate the true situation of e-fulfilment in GCC firms, about which not much is known, using semi-structured interviews and a focus group. Using a qualitative technique and focused (semi-structured) interviews would allow the researcher to know how e-stores deal with purchases locally and globally in five countries which share a similar language, traditions and values. In addition, LSPs would be involved in this research, as they play a part in providing service to e-stores. Assessing cultural factors was considered part of the research objective, which is why the researcher also investigated the variables of culture in small and large cities, and whether there were differences in e-fulfilment effects, based on whether the recipients were men or women.

Table (13) illustrates the chosen approach and research philosophy, which was interpretivist, using a qualitative methodology for interviews to explore inductive

information from decision-makers in e-fulfilment firms, and customers' experiences between the different GCC companies. More details regarding sampling will be explained later in the choice of method section.

**Table 13: Researcher's chosen approach and methodology driven by ontological and epistemological assumptions**

Research philosophy	Interpretivism
Research strategy	Qualitative
	Subjective
	Inductive
Research methods	Interviews
Ontological status	(Reality) Fixed store or e-store organization
Epistemological assumption	(Knowledge) Themes are about e-fulfilment generally and in the GCC particularly.

## 5.3 Research Design

### 5.3.1 Qualitative Approach

Methodology in research has been defined as “an approach to the process of the research encompassing a body of methods” (Collis & Hussey, 2009), p. 337). Thus, choosing an appropriate paradigm is considered an excellent step in starting to conduct a related methodology, because a “paradigm is more than just a philosophical framework, it also guides how research should be conducted” (Collis & Hussey, 2009) p. 73). The research methodology is considered the first step in recognizing a problem and transferring this into practice, based on a research process which begins with the theoretical background and then moves to collecting and analysing the data (Remenyi & Williams, 1998). The researcher employed an interpretivist paradigm in this research, due to his understanding of the situation of the e-fulfilment process in GCC countries, and an inductive approach to obtain in-depth data from the managers of EC companies, using qualitative technique, as mentioned earlier.

The qualitative approach is described as follows (Creswell, 1994):

“In a qualitative methodology inductive logic prevails. Categories emerge from informants, rather than are identified a priori by the researcher. This emergence provides rich context-bound information leading to patterns or theories that help explain a phenomenon. The question about the accuracy of the information may not surface in a study, or if it does, the researcher talks about steps for verifying the information with informants or triangulating among different sources of information, to mention a few techniques available (p. 7).”

The qualitative approach often seeks to explore natural phenomena and interpret the data in the form of words which are normally evaluated subjectively (Rudestam & Newton, 2007). Table (14) describes the features of and differences between both techniques which the qualitative approach considers inductive logic (Rudestam & Newton, 2007) P.38. The inductive approach follows an interpretivist paradigm, which uses theory that comes from empirical reality and observation. There are some known data about ECF in GCC countries, and so this research used an inductive approach and conducted qualitative interviews to give the researcher some understanding of the current situation in pure player and multi-channel firms in GCC countries, and obtain in-depth data regarding the logistics fulfilment phenomenon in EC (Collis & Hussey, 2009) (Punch, 2000).

Table 14: Classifications of the research philosophy sources (Source:(Rudestam & Newton, 2007:38))

<i>Quantitative</i>	<i>Qualitative</i>
1. Data expressed in numbers	1. Data expressed in words
2. Hypothetico-deductive	2. Inductive
3. Controlled research situations	3. Naturally occurring and contextual
4. Isolation of operationally defined variables	4. Holistic view of phenomena
5. Seeks objectivity	5. Interested in subjectivity
6. Emphasis on prediction and explanation	6. Emphasis on description, exploration, search for meaning
7. Researcher directs, manipulates, controls	7. Researcher participates and collaborates
8. Statistical analysis	8. Text analysis

The qualitative approach has advantages and disadvantages. The major benefits can be said to be the high validity that comes from in-depth data regarding participants' views, although the small sample size is considered one of its weaknesses (Hakim, 2000). Obtaining in-depth data rather than a large volume of material is considered more important in the qualitative approach (Miles Jr, 1979). Therefore, this study used a qualitative tool to analyse data. ECF logistics in GCC countries needed to be investigated from different aspects, considering cultural details and related factors over the five nations concerned. Global and local pure players have existing data regarding the logistics process which are considered harder to obtain when using a survey. Therefore, the researcher sought to obtain this information through interviews, in particular, semi-structured interviews with owners, senior managers or logistics managers with the type of varied experience that is different from that expected from customers, as will explain in the next sections.

### **5.3.2 Research Method and Techniques**

This study investigates logistics activity in the online market in Gulf countries, in both pure player and multi-channel companies, to try to answer the research questions and achieve the research objectives. Therefore, the target managers were interviewed in semi-structured interviews, the researcher having chosen an interpretivist paradigm which follows the qualitative approach. This would allow the interviewees the space to provide data, and avoid bias (Cohen et al., 2007). Furthermore, some studies (Al-Faleh, 1987; Al-Bahussain, 2000); (Al-Rasheed, 1996) have found that Arabic managers prefer to talk, rather than complete questionnaires. Arabic culture drives them to speak, and within this context more and richer data would be obtained, utilizing the qualitative technique to

achieve meaningful conclusions for the study. In addition, face-to-face contact is considered a strong factor when dealing with Arabic business managers (Farid & Kenneth, 1980). Even distribution survey have disadvantages of not covering the area as required with few response return (Grant et al., 2010).

This interview method would increase the validity of the study and allow the researcher to ask complex questions to enhance and enrich the study, using the answers given. In addition, semi-structured interviews save time when compared with in-depth interviews, and give more freedom to participants to explain further their answers to questions. Possessing good interview skills and fully understanding the topic is necessary for the researcher to be able to collect the target data and analyse them properly (Kent, 2007).

Furthermore, the customer perspective was considered essential in this study to meet the objectives of the research, in addition to answering the research questions from the viewpoint of the five GCC countries' customers. This would provide a whole picture of the e-fulfilment of online stores from grocery to non-food, in pure player and multi-channel firms. On the other hand, there were a number of important reasons for interviewing the owners of small firms and senior logistics managers in medium, large and third party corporations. First, they are considered to be the decision-makers inside online firms. Second, they determine decisions with regard to choosing an e-service model to fulfill the process.

### **5.3.3 Data Collection Method**

The aim of the study is to understand the relations involved in ECF between B2C and logistics activity and how culture affects the process. Data had to be obtained from participants who had experience of electronic commerce logistics activity and how this can fulfil customer needs. One possible way to gain that knowledge was by interacting with the people involved, to obtain a sense of the reality of the social world through interviews because, as Silverman (2011) stated, "the interview is obviously and exclusively an interaction between the interviewer and interview subject in which both participants create and construct narrative versions of social world" (p. 132). The interviews will be discussed in the next section.

#### **5.3.3.1 Interview**

Interviews are a process of determining answers or responses by the interviewer asking questions of interviewees (Gillham, 2000). In addition, interviews are considered one of the essential methods for qualitative approach, identified as "a method of collecting data



in which selected participants are asked questions in order to find out what they do, think or feel” (Hussey & Hussey, 1997), p. 156). Interviews are considered a primary method for collecting data and are used widely in social science to help researchers understand phenomena and the experience of the interviewees (Robson, 2002). Moreover, using interviews is useful when in-depth data, rich information and a holistic picture have to be obtained and completed. There are three types of interview: structured, focused (semi-structured) and unstructured.

The **Structured interview** design is standardised and uses closed questions. The main aim of this type of interview is to ask a question to elicit accurate replies from the respondent within the same context as the question (Robson, 2002). The strategy is to obtain fixed answers by following the format of question and answer. This type of interview can be used to explore facts that follow a positivist ontology and epistemology. However, it was not used in this study (Alston & Bowles, 2003).

**Unstructured interviews** are close in form to conversation. They are considered to be the opposite of structured interviews, as the respondents should feel free to answer how they wish. General questions are asked to obtain in-depth information that is developed during the interview process (Robson, 2002). The researchers follow an informal approach to obtain a deeper understanding of the information required. This is defined by (Hesse-Biber & Leavy, 2010) as “a particular kind of conversation between the researcher and the interviewee that requires active asking and listening” (p. 119). However, it was not appropriate to use this method in this study.

Neither structured nor unstructured interviews were appropriate for this study. Both have merits and drawbacks, but semi-structured interviews try to combine the advantages of both. Flick (1998) stated that, “The object under study is the determining factor for choosing a method and not the other way around” (p. 5). Therefore, the researcher designed the questions with specific topics to be covered, for which semi-structured interviews were considered to be the optimal tool to obtain the target data. Alston and Bowles (2003) mentioned the benefits of this technique, as the researcher can “see the world from the eyes of the respondent as much as possible to explore with them their thoughts and feelings and to thoroughly understand their point of view” (p. 118). This research accordingly designed a semi-structured interview approach, to be outlined in further detail in the next section.

### **5.3.3.2 Semi-structured interviews**

The form of the semi-structured interviews was derived from the general research questions, and would ensure the researcher achieves his objectives. There were 53 interviews classified as follows: 27 managers or owners of pure player and multi-channel firms; 10 quarters or logistics managers of 3LSPs and 16 consumers in Saudi Arabia, UAE , Kuwait, Oman and Bahrain. The interviews were conducted face-to-face in the participants' offices in Saudi Arabia and the UAE. For participants in other countries, the interviews were undertaken using Skype and telephone. Appendix (4) contains a brief of the study and purpose of the interview in both languages Arabic and English, and was sent to participants. The questions were open-ended and the researcher endeavoured to identify themes related to the e-fulfilment process. Each interview took 30-45 minutes. Appendix (1) displays the interview questions which derived from the research questions and the determined objectives, and whether they targeted firms, LSPs and consumers in both versions, English and Arabic. Choosing of the sample and further details will be explained in the next section.

### **5.3.4 Population and sampling**

Understanding ECF activity in GCC pure players, and exploring local and global purchasing and the delivery of products are the objectives of this research. SA is considered to be the largest among the GCC countries, with similar beliefs, religion, traditions and cultural factors.

Therefore, this thesis targeted 30 e-firms, 12 LSPs and 20 consumers. However, there are currently 53 classified as 27 pure player and multi-channel firms. In addition, there are ten 3LSPs. 16 consumers were identified, with an equal number of males and females, from small and large cities. Choosing the sample has to follow the research technique, as in the qualitative approach such strategy involves more understanding. (Neuman, 2004) stated, “ the primary purpose of sampling is to collect specific cases, events or action that can clarify and deepen understanding” (p 213). Therefore, studying the whole sample may be considered almost impossible, unless there is a common tool. The framework of sampling is classified into scientific (probability sampling) and judgmental (non-probability sampling) and, as there is no right or wrong way to choose a sample, this study would follow an unsystematic and judgmental approach by focusing on leaders of firms and logistics service providers (LSPs) for different reasons. A criterion of this study was to obtain information about electronic fulfilment (ECF) in firms and providers for their consumers.

In the GCC, statistics about firms are not available on government websites, and further enquiry achieved a negative response. Consequently, the researcher contacted the Ministry of Commerce and the Ministry of Information and Technology, although the responses from the UAE and SA was that there is no accurate information about online firms or differentiation between such categories as pure players and multi-channel firms. Therefore, the researcher established the criterion of large firms and SMEs in each country and city. In Saudi Arabia, these firms gathered together in an exhibition in Riyadh named Boulevard. The exhibition provided an opportunity to meet with them, using mothoq.com database (Mothoq, 2013).

There are methods of judgmental sampling: self-selection, purposive, quota and snowball. The target was to follow purposive firms, choosing pure players and multi-channel firms from Mothoq.com database, ten LSPs (five global and five regional/ local) and 16 consumers from small and large cities, both men and women, as understanding the influence of gender is one of the research objectives. “Purposive sampling occurs when a researcher wants to identify particular types of cases for in-depth investigation to gain a deeper understanding of types” (Neuman, 2004), p. 222). Therefore, in order to obtain rich information, questions were developed about the logistics process in relation to large capital cities, such as Riyadh and Abu-Dhabi, and economic or financial cities, such as Dubai, which is an active hub in the region of Jabil-Ali and Jeddah in west SA.

The study’s population focused on firms, both pure players and 3LSPs, both local and global, and consumers with experience of buying and selling online. Further details about the context of the study are provided in Section 1.3. The five countries chosen excluded Qatar, due to the lack of response from both firms and consumers in that country. Consumers generally were difficult to access due to religious and cultural barriers that were eventually overcome.

As Saudi Arabia is the largest country, more interviews and participants came from this country. This enabled the researcher to obtain the information required and achieve the saturation of answers within the specified time.

The literature argues that sample size cannot be established in qualitative research until the objectives of the study have been determined, as “there are no rules for sample size in qualitative inquiry” (Patton, 2002), p. 244). Hence, interviews must be continued until the saturation point is reached or the available information is repeated (Creswell, 2007).. PhD research generally supports the view that interview numbers of between 30 and 50

are appropriate. Hence, a target of 50 interviews was set and increased by one firms and two consumers, as necessary, to ensure that all of the information required was obtained (Perry, 1998). Table (15) illustrates the countries and categories involved in more detail, as follows. In the first sector (e-stores), 27 firms were interviewed; 11 were classified in SA: six were PP and the other five were MC. In the UAE, Oman, Kuwait and Bahrain, four firms gave interviews in each of the four countries; each country was represented by two PP and two MC firms. Four female managers were interviewed, while the rest of the interviews were conducted with 23 male managers. Of the 10 LSPs considered, five global companies covered the GCC area; the other five were considered to be local and regional firms; and only one female logistics manager was interviewed. Lastly, of the 16 consumers, an equal number of males and females were interviewed in various cities in the five countries considered in this research.

**Table 15: Sampling interviews based on category and country**

	Interviews	Operations	Service	Gender
e-stores	27 firms 11 SA 4 UAE, 4 Oman, 4 Kuwait 4 Bahrain).	11 SA ( 6 PP, 5 MC) ( 2PP ,2 MC) (2 PP, 2MC) ( 2 PP,2MC) (2PP,2MC)	4 e-grocery 23 MC	4 female manager 23 males
<b>Owner and managers</b>				
LSPs	10	5 local 5 global	Locally,regionally Covered GCCs	9 male 1 female
<b>Logistics managers</b>				
Consumers	16			8 male 8 female
SA - UAE - Oman - Bahrain – Kuwait ( Riyadh, Jeddah, Dammam, Tabouk, Jazan) Dubai, Abo-Dhabi, Alfugirah) ( Muscat, Salalah, Sahar)				

### 5.3.5 Interview Structure

This study contains three categories: firms, LSPs and consumers. The semi-structured interviews were designed to determine the study's objective, which is to consider ECF in the GCC online market, and to examine how it is operated and fulfilled by the firms for consumers. The interview questions extracted from the research question focused on obtaining the information required to answer the research questions.

This study has three objectives. Each objective has two main questions, with the exception of the final objective. The interview questions were sub-divided to simplify the process for the participants (Gillham, 2000). Each objective was considered as a category, with related questions

The interview questions were designed after a revision of the issues, based on formatting, and a previous pilot study. Thus, the questions were provided in advance, and began with an introduction about the study and the benefits that would accrue from the results. The interviewing followed an ethical procedure, which will be explained in this section.

The interviews began with open questions as set out in the English and Arabic versions provided in Appendix (1). The time of interview and permission to record were agreed. The researcher then explained that all data would be used for academic purposes and that names would be treated anonymously, according to ethical procedure. Recording was approved by most participants, except for two females in their face-to-face interviews, and one global LSP firm. This was noted immediately by the researcher (Flick, 1998; Patton, 2002). The researcher wrote essential notes during the interviews, in case of failure in recording or loss of data (Bell, 2010).

There were three versions of the interview questions, one version each for e-firms, LSPs and consumers. Some questions were changed according to the participant, whilst maintaining the aim of the question. For example, the first question asked firms and LSPs about the model they were currently using.

The first category of questions related to logistics activity, and examined the logistics model from the logistics and supply chain perspective. In addition, it considered effective and efficient e-fulfilment, the reasons for insourcing and outsourcing, and also the service schedule based on large and small cities.

The second category involved local and global purchasing and how this was dealt with. Moreover, it questioned how LSPs organise this for firms and consumers, and sought an

explanation for the reasons. In relation to large cities and small cities, the process flow of services were examined.

The third category considered the cultural factors involved. Various factors were examined, such as gender, how orders are received and dealt with in large and small cities and the use of cash on delivery (COD). The reasoning with regard to these factors was considered from three perspectives: trust, language barriers and answering calls.

At the end of the interviews, the participants were thanked, and further information was elicited if necessary.

### **5.3.6 Interview Translation**

The interviews were conducted in Saudi Arabia and the other GCC countries, in which the native language is Arabic. Therefore, the interview questions had to be translated. Marshall and Rossman (2011) stated that, “translation is the transfer of meaning from a source language...to a target language” (p. 165). The translation process must keep the meaning of the source language. Back-translation was needed, in which another translator translated back to the source language. This allowed the researcher to check and compare versions. According to (Neuman, 2004), “written material is translated into a second language, translated back to the original language by a different translator, then the original writing and the translated version are compared” (p. 445). After receiving approval from the supervisors, all questions were translated by the researcher and checked by the PhD Educational Department at Hull University. The researcher, a native Arabic speaker, revised the questions in Arabic, of which he has experience in linguistics, and then the versions were back-translated. However, the researcher still had to check and compare the two versions (Berkanovic, 1980). Following this process, the researcher was able to pilot the interview questions, after they were checked by two translators. The piloting of the interview questions will be explained in the next section.

### **5.3.7 Pilot Study**

Pilot studies have been defined as “a small-scale version of real things” (Robson, 2002) p. 185). Conducting a pilot study is essential for researchers to enable improved organisation of the schedule for interviews, to make all questions clear for participants and to help them avoid mistakes (Saunders et al., 2009). The researcher benefits in various ways from a pilot study. For example, he can avoid making a mistake with the questions, or revise the estimated time needed for the interviews (Saunders et al., 2009). Unclear or

difficult questions can emerge during piloting, and can be deleted or amended. (Gillham, 2000) describes this as a “dress rehearsal”p.55.

The development of pilot interview questions went through a number of stages. First, the researcher’s supervisors had to check the questions and provide useful comments. As this study was targeting firms and consumers from five countries, some copies were distributed to final-year PhD candidates at the Hull University Business School (HUBS) who are from Oman, Saudi Arabia and the UAE, as they may have used online purchasing in their country and have experience in the private sector. They were asked for feedback. Some feedback suggested that the logistics model needed to be explained, as logistics is not as popular a term as operations. An amendment was accordingly made.

Some MBA graduates who participated in the piloting had experience as the founders of firms, which was useful, as this study targets SMEs. One PhD final year student from Newcastle University had experience of piloting, and suggested the estimated time for interviews be increased to between 50 minutes and one hour. Thus, the time was adjusted from 30-45 minutes maximum to one hour.

Overall, piloting among students of different nationalities who were found in HUBS is considered to have been a good opportunity to receive premium feedback, in particular from colleagues and their connections, as they graduated from same school as the researcher in 2012. Finally, comments from the researcher’s two supervisors were very helpful in ensuring that the questions covered all the objectives and answered the research questions.

### **5.3.8 Organisation of Interview Sessions**

The researcher conducted the various interviews in five countries. This meant that time management was of great concern when organising the interviews. An official letter was obtained from the Saudi Culture Bureau providing authorisation to the researcher as a PhD candidate. He was able to present this to the participants to show the purpose of the study and its academic aims.

The participants were given a choice of location for the interviews. Most interviews took place in the managers’ offices, or, for consumers, in an open place such as a coffee shop chosen by them. The information was sent to the participants before the meeting, and each interview had an introduction, as per Appendix (4), based on the ethical process, to be read and agreed by them. Providing it was permitted by the participant, recording of the

interview began after the introduction. In addition, notes were taken during the interview to support the researcher whilst transcribing. The UAE was chosen to be the first interview location, due to the researcher's travel plans, followed by face-to-face interviews in three cities: Abu-Dhabi, Dubai and Alfugerah; and in five cities in SA: Riyadh, Jeddah, Dammam, Tabuk and Jazan. The participants in the remaining countries of Oman, Bahrain and Kuwait were interviewed by telephone and Skype.

In Saudi Arabia and the UAE, the interviews with female participants were difficult, as their sons or husbands had to be present. However, the researcher interviewed some female business owners, which enabled him to meet other females easily after the interview with the owner. In addition, the researcher was fortunate to attend the Boulevard exhibition, which focused on e-commerce in the capital and gathered most firms in one place for four days. This enabled networking, as managers and owners, both female and male, agreed to be interviewed and speak freely. An invitation was obtained from one owner to make contact before leaving the UK.

The information provided by the participants was explained and classified. All names remained anonymous. The participants kept the official letter and a copy of their interview information and could make contact at any time. In addition, appendix (4) provides the university and supervisor with the participants' contact information. After the interviews, the interviewees had the choice to read the transcript, which all of them have declined as they were confident about what had been said.

## **5.4 Analysis of Data**

Analysing the qualitative data for this study was the longest part of the PhD journey, as it was time-consuming and difficult, due to the rich amount of information gathered. It took more time than was expected, as the collection of 53 interviews, together with translation was a long process. (Bryman & Bell, 2007) mention that analysis of qualitative data needs more time than quantitative data. According to Boeije (2009, p. 76): "Data analysis is the process of systematically searching and arranging the interview transcripts, field notes and other materials that you accumulate to increase your own understanding of them and to enable you to present what you have discovered to others. Analysis involves working with data, organizing them, breaking them into manageable units, synthesizing them, searching for patterns, discovering what is important and what is to be learned, and deciding what you will tell others".



Data was collected from 53 interviews, of which 50 were recorded, and notes were also written. Payment systems, Customs regulation and internal policy were themes that typically re-occurred. The researcher had to follow up on these issues to understand and enhance the knowledge of electronic commerce fulfilment (ECF), and to provide a sufficient strategic plan for the region.

Analysing data using qualitative technique follows a process which “involves working with data, organising them, breaking them into manageable units, synthesising them, searching for pattern, discovering what is important and what is to be learned, and deciding what to tell others” (Bogdan & Biklen, 1982) p. 145). Therefore, the researcher should be deeply involved in the data to build up all the essential information.

On the other hand, there is no strategic approach to designing qualitative data, although a concept known as the three is exists: “insight, intuition and impression” (Creswell, 2007, p. 150). However, it has been claimed (Saunders et al., 2009) that qualitative data have no fixed procedure for analysis, and that it is possible to classify aspects into three groups:

- ❖ Summarising the meaning.
- ❖ Categorisation of meaning.
- ❖ Structuring the meaning.

In addition, (Marshall & Rossman, 2011) expanded on the qualitative analysis process according to seven phases, which begin with organising, immersing and generating, combining categories and themes, then coding the data, followed by the presenting of interpretation through analytical notes, suggesting alternative understandings to be researched, and concluding with writing a report of the study. During each of the above processes data reduction takes place, and an obvious and clear meaning emerges. This avoids any unclear meaning from the first process of gathering raw material to bringing about a clear understanding and meaning as, “qualitative analysis transforms data into finding. No formula exists for that transformation” (Patton, 2002), p. 432).

Thus, 80 codes emerged from the analysis and similar ones combined, which yielded 60 codes. In addition, some codes were omitted as not being relevant, and the other codes were then used to build the main codes and themes. There are eight main themes based on the information and analysis processed.

The interviews were conducted in Arabic and translated into English, and the Arabic version generated a larger transcript. The average interview transcript was 30-40 pages. There were fewer pages in the English version of the transcripts.

The researcher transcribed and translated the interviews and started coding similar information, as participant repetition as well as information of similar meaning emerged. See Figure (21) for an example of the process.

Different stages were developed to analyse the data in this thesis. These were: data preparation, code development and categorisation and finally formatting the results of the findings. This is explained in the following section.

#### **5.4.1 Data Preparation**

During the first stage, the researcher began to collect the data from different resources. As most of the study's interviews were recorded, the researcher had realistic data which was transcribed. Notes taken during the interviews were added to cover any shortages and link important information given. This enabled analysis of the interviews in order, rather than delaying until they had all been completed. This technique can help to "allow the researcher to be more aware of emerging themes that he/she may want to ask about in a more direct way in later interviews" (Bryman & Bell, 2007) p. 491).

The interviews were conducted in Arabic as this is the language of the participants from the Gulf countries. As a native speaker, the researcher was able to transcribe all of them. There were pros and cons to this, and it was time-consuming, but there was no one else available who was able to transcribe the data obtained from the participants (Collis & Hussey, 2009). The researcher then had to translate the transcripts into English. The researcher immersed himself in the interviews to gain insight into the emerging points. Next, the interviews were reviewed in both fluent English and Arabic to ascertain the accuracy and amend any mistakes that had occurred. Importantly, as it was a subjective study, an interpretation of the human background was required, including culture, behaviour and social attitudes.

#### **5.4.2 Codes Developed**

NVivo software 10 was used to analyse the large amount of data produced. The transcription and translation took more than three months to complete. Then, a new project was opened in NVivo under the file name PhD project. The interviews in English were uploaded from three folders (e-stores, LSPs and consumers). The advantage of using

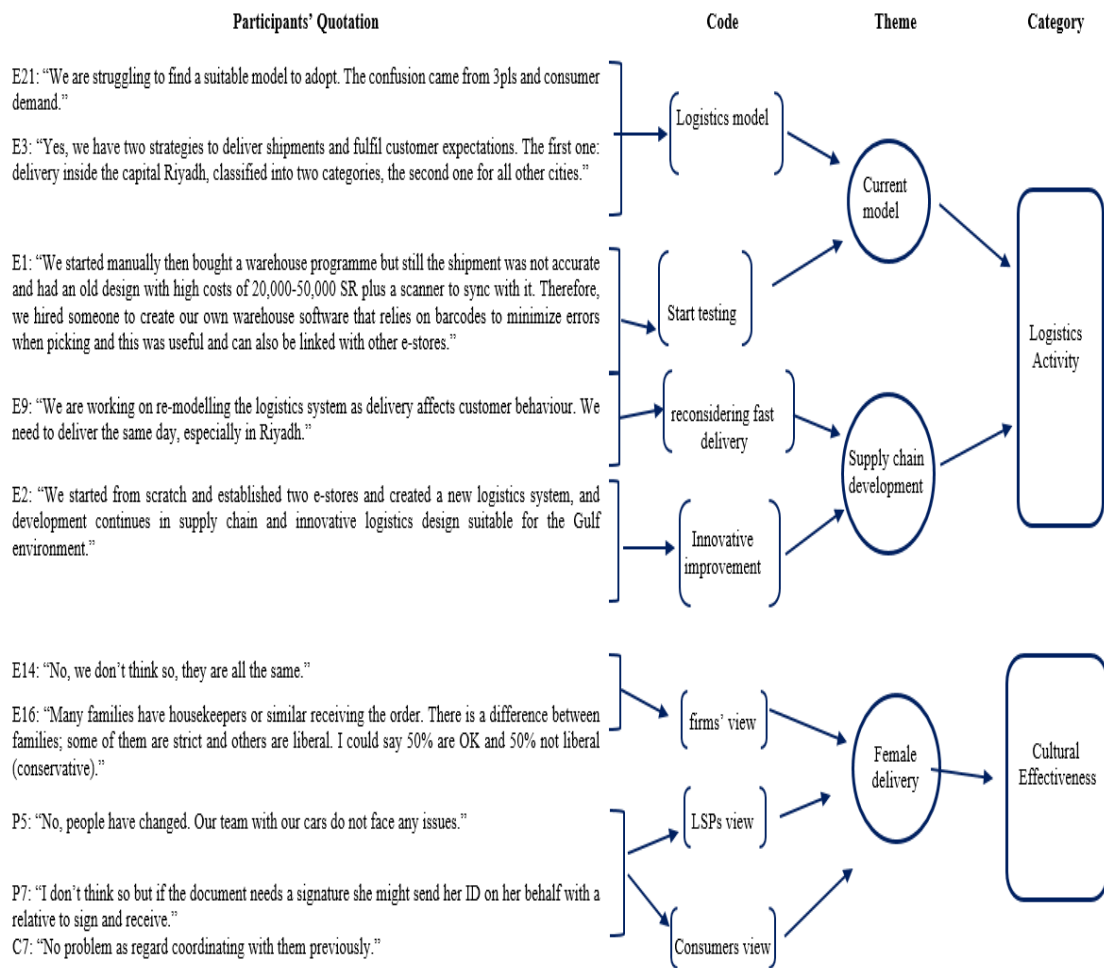
NVivo 10 software was that it was possible to combine and code a large volume of data into one screen. Coding is defined as, “the process whereby data are broken into component parts, which are given names” (Bryman & Bell, 2007) p. 725. The process involved reading each interview after transcription and translation, and creating nodes in NVivo 10 to reach a large number. Each code was named, based on the topic considered during the process see Figure (19). In addition, the second stage aimed to reduce the number of codes by combining them into similar topics which had emerged (Saunders et al., 2009). The coding of all 53 interviews helped to understand the important data that emerged and to summarise them.

Some information, such as company names and private details were deleted, according to the participants’ preference. Some information was also excluded for ethical reasons. The final codes were grouped into three different categories under eight themes and sub-themes, as shown in Table (16).

#### **5.4.3 Development of Categorisation**

The researcher needed to develop the themes based on their order and repeated data. Interviewees from Gulf countries have different accents, and different words can have the same meaning. It was necessary to identify the words and phrases that implied similar ideas (Auerbach & Silverstein, 2003). Categorisation was a means of uniting or linking ideas which had the same meaning see Figure (19) for sample process. Furthermore, some links between themes and sub-themes had to be identified and placed in order of those considered to be essential sub-themes that were relevant to the return process. Furthermore, payment gateway and COD were separated, as each involves a different process in the various countries, based on the infrastructure. Hence, three sub-themes were united into one. Table (16) below illustrates the themes generated and the categories developed. The 11 sub-themes are represented by the first themes which were generated from the logistics activity category. Next, seven sub-themes flowed from three main themes within the second category of purchasing methods. Finally, the third category of cultural influences generated six sub-themes from eight main themes.

**Figure 19 Example of the interview analysis steps based on literature quotation, codes, themes and category group**



**Table 16: Main categories and themes of the study findings**

No.	Category	Themes	Sub-themes
1	<b>Logistics activity</b>	1. Effective and efficient e-fulfilment	1.1 Model running now 1.2 E-service scheduling 1.3 Insourcing operations 1.4 Outsourcing operations 1.5 Shipment criteria 1.6 Speed
		2- Supply chain improvement	
		3. Challenges	3.1 Payment gateway 3.2 Franchises 3.3 Postal system 3.4 Customs regulations
		4. Factors preferred	4.1 Comments
2	<b>Purchasing method</b>	5. Local and global e-fulfilment	5.1 Click and collect 5.2 3PL operations 5.3 Delivering globally 5.4 Regional purchases 5.5 Global purchases
		6. Large and small cities	6.1 Remote areas covered 6.2 Warehouse location
		7. Reverse logistics	
3	<b>Cultural effectiveness</b>	8. Cultural factors	8.1 Cash on delivery (COD) 8.2 Delivery to female customers 8.3 Language 8.4 Not answering calls 8.5 Trust 8.6 Tracking shipments

#### **5.4.4 Deriving Findings**

Analysis of the data will be considered in the final stage of the study (Bryman et al., 2003). The aim of the study is to understand ECF in the GCC online market. The researcher has undertaken a qualitative analysis using thematic analysis to achieve a better understanding of ECF. Analysis is an inductive process, described by (Patton, 2002) as “discovering patterns, themes and categories in one’s data” (p. 453). The results provide the conclusions, views and experience of the three types of participants: firms, LSPs and consumers. The subsequent process interprets these conclusions and links them to the research questions to answer the three main objectives. As (Patton, 2002) stated, “Interpretation means attaching significance to what was found, making sense of the

findings, offering explanation, drawing conclusions, extrapolating lessons, making interferences, considering meanings, and otherwise imposing order” (p. 480).

#### **5.4.5 Validity and Reliability of Results**

The study relied heavily on perceptions of validity and reliability in its evaluation (Saunders et al., 2009). Validity and reliability are associated with the quantitative approach, as researchers must be objective and it should be possible to generalize the results widely to assess their validity (Gibbs et al., 2003). However, in a qualitative study, Patton (2002) indicates that the researcher must be aware of validity. Thus, in a qualitative study, validity must receive more attention from the researcher than “truth”, as the data collection seeks honesty. The data received must reflect the participants’ views with real meaning, accuracy and trustworthiness.

Guba (1981) and Guba and Lincoln (1994) have some criteria by which to judge qualitative credibility. In the case of this study, the ethical procedure was approved by Hull University’s Business School (HUBS) and by the Saudi Arabia Cultural Bureau (SACB) team. In addition, data gathered from different rounds of interviews, from managers and owners, and male and female consumers, were recorded in notes and by audio recordings of voices, to make interpretations clear and to retain the meaning of the sources collected. Thus, the process had to be in order, as did the documents from all the sources in this study, from recording the interviews and linking related notes, to transcription and translation (see Sections 5.3.6/5.4.1). Thus, this is in line with Collis and Hussey (2009) describing dependability as being “systematic, rigorous and well documented” (p. 182).

The process also had to be fully explained and researchers in qualitative studies cannot impose their values on the findings of a study (Bryman & Bell, 2007). Nonetheless, it is hard to exclude such values, for, as Cunliffe (2003) and Saunders et al. (2009) state, researchers’ values play a potential role in the credibility of the process of analysis. Thus, Cresswell (2009) maintains that “the researcher checks for the accuracy of the finding by employing certain procedures” (p. 190). Therefore, the researcher followed the process of checking judgements, understanding the participants’ realities and transferring the trustworthiness of firms, LSPs and consumers to valid and empirical results; this is because perceptions of results determine “a judgment of the trustworthiness or goodness of a piece of work” (Angen, 2000, p. 387).

Semi-structured interviews often have high validity, which comes from the flexibility between the researcher and participants. This ensures that the meanings behind the participants' responses are probed. Furthermore, Easterby-Smith et al. (2002) consider validity in semi-structured interviews as demonstrating that "the researcher has gained full access to the knowledge and meanings of informants".

Moreover, applying trustworthiness judgement constructs increases reliability. Transparency, communicability and coherence can also enhance reliability (Auerbach & Silverstein, 2003), as transparency shows the process moving in order. Secondly, other researchers have to understand the themes, and the theory has to fit the structure as known of coherence the previous criteria have followed in this study.

The researcher has ensured the reliability of this research by transcribing all the interviews and translating them into English. Both the transcription and translation were completed and revised by professionals and final-year Saudi PhD students. The audio recordings were compared with the transcripts, and two final-year PhD students, one from HUBS and the other from Newcastle University, selected interview transcripts and compared these with the audio recordings to confirm the consistency. This increased the quality of the data collected. A final-year linguistics student assisted with the translation into English, and a small sample was sent to professional firms to confirm the meaning of the translation, which also increased validity.

On the other hand, reliability exists when further studies showing similar results are replicated following the same process. Reliability considers the extent to which "the researcher's approach is consistent across different research and different projects" (Creswell, 2009, p. 190). In addition, credibility is one potential factor that can bestow reliability (Bryman & Bell, 2007).

Cohen et al. (2007) considered the reliability of data and stated that "the most practical way of achieving greater validity is to minimise the amount of bias as much as possible" (p. 150). After collecting data, the researcher should make sure that the measures of both validity and reliability are similar and not lower than expected (Babbie, 2013).

In addition, responses from participants should reflect their validity and help to achieve the research objective. Avoiding bias among the participants and obtaining in-depth information about e-fulfilment from owners and managers was considered to be a high priority for the researcher (Kent, 2007). Reliability is an important element for a

researcher, and is defined as “the probability that repeating a research procedure or method would produce identical or similar results” (Bush, 2002, p. 60). Cohen et al. (2007) added that “One way of controlling reliability is to have a highly structured interview, with the same format and sequence of words and questions for each respondent” (p. 151). Designing a standard structure with clear questions allowed the collection of more data and enhanced reliability. It also enabled the researcher to obtain in-depth information about the participants’ experiences and real opinions about ECF in the GCC area. Documents and policies were presented to show that the researcher was conducting a PhD study, and that all data would be kept securely and in accordance with university policy.

#### **5.4.6 Ethical Considerations**

Ethical issues in research are important factors that the researcher has to be aware of when collecting data. Participants are a cornerstone of research, and should be given all necessary information to help them decide whether to become involved. They should be given the freedom to choose whether or not to participate (Cohen et al., 2000). Moreover, ethics in research is thought to be equal to philosophy, and must be considered during the research journey. This definition of ethics is underpinned by Cooper and Schindler (2008), who stated that ethics is the “norms and standards of behaviour that guide moral choices about our behaviour and our relationships with others” (p. 34).

On the other hand, it has been claimed that researchers’ values and beliefs are affected by the study approach employed (Graham & Fitzgerald, 2010). Furthermore, a high standard of ethical behaviour should be adhered to in research, and there are fundamental issues that should be considered when people or organizations are targeted for investigation. These issues are: privacy, harm, deception, behaviour and the confidentiality of the participants (Bryman & Bell, 2007).

The four major categories of ethics are classified as: meta-ethics, normative, descriptive and applied. Of these, meta-ethics deals with the meaning of theoretical morality and how the value of truth is determined. Normative ethics represents a practical moral course and how to proceed. In descriptive ethics, the focus is on analysing the moral beliefs of people. Applied ethics concentrates on the outcomes of morality based on a certain situation (Philpot, 2004). The normative category of ethics was used for this research study, due to a consideration that moral factors and targeting the accuracy of data can enhance a study and achieve the research goals, as well as appreciating the participants’ individual contributions (Chow & Drummond, 2010). The application of ethics in research can be



significant, especially in relation to the researcher's and the participants' feedback. A qualitative research study might face certain issues in ethics, which Creswell (2007) noted, stating that the qualitative researcher "faces many ethical issues that surface during data collection in the field, and in the analysis and dissemination of qualitative reports" (p. 4).

This researcher followed all the ethical factors with regard to participants, such as seeking consent by obtaining official letters from Hull University see appendix(2). Hence, sending the additional letter by supervisors to the owners and managers of EC companies in GCC countries to ask for their approval to conduct the research. Moreover, the Saudi Arabian Cultural Bureau (SACB) required students to have an additional letter (see Appendix 3). A strict ethical procedure was followed by the researcher, such as ensuring authenticity and confidentiality by dealing with all sensitive information impartially and accurately, and keeping the identity of the participants confidential. Giving the participants information about the researcher and the goal of the research was a priority of the researcher. This was presented to everyone, whether they were the owners or managers of EC companies, both pure-player and multi-channel, who was asked to take part. Certain information was also provided to the participants, such as the contact details of the researcher and Hull University (telephone number, email, etc.) to give the participants the opportunity to call or ask questions during or after the study. Finally, all data gathered from the participants were confidential, the guidelines that underpin Hull University's ethical procedures were followed, and data were not passed to any unauthorized individual. The framework in Appendix (4) was sent to all interviewees and presented to all participants.

Ethical issues in research are important factors that the researcher has to be aware of when collecting data. Participants are a cornerstone of research, and should be given all necessary information to help them decide whether to become involved. They should be given the freedom to choose whether or not to participate (Cohen et al., 2000). Moreover, ethics in research is thought to be equal to philosophy, and must be considered during the research journey. This definition of ethics is underpinned by Cooper and Schindler (2008), who stated that ethics is the "norms and standards of behaviour that guide moral choices about our behaviour and our relationships with others" (p. 34).

## 5.5 Summary

This chapter has explained the two areas of the methodology used. The first section explained the philosophy of the methodological approach and the pros and cons of each. In addition, it justified the use of the interpretivist paradigm, as opposed to other options. This justification was based on the richness of the information that would be obtained and the fact that logistics requires qualitative research. This study will contribute to these issues. The second part considered how data would be collected and analysed by explaining the processes of using NVivo 10 to code and categorise the data for the study. The participants' views from e-firms, local and global logistics service providers, and male and female consumers are represented in Table (17) as sub-themes, eight main themes, and their categories. The following chapter will analyse in detail the categories and themes.

## Chapter 6: DATA ANALYSIS

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## Chapter 6 : DATA ANALYSIS

### 6.1 Introduction

The previous chapter presented the structure of data collected from 53 interviews across the five GCC countries among e-firms, LSPs and consumers. Eight main themes emerged during the analysis process, and 24 sub-themes, grouped into three categories, namely: logistics activity, purchasing method and cultural effect. Therefore, this chapter classified to three categories, first category contains four main themes which after each category summery explained briefly the previous. Moreover, the quotes are including to represent the essential information of the study and explained within the text. The second category include: three main themes and summery. After that the last theme the cultural factors. Moreover, overall result section illustrate in the last of the chapter classified to three parts based on firms, LSP and consumers and overall model in Figure (21). Hence, as this academic research applies ethical procedures, the respondents will remain anonymous, the e-firms being denoted by (E), the logistics service providers (P), and (C) for the consumers. Table (17) displays the three groups, including the themes and sub-themes emerging from the analysis data based on participating interviewees.

The quotations were selected to illustrate the essential points of the study. Therefore, choosing quotations was based on essential features of the study and in order to present examples of crucial factors relating to each theme of the study. I chose the quotations based on important features that emerged from the analysis and the following quotation is an example of the importance and relevance of a theme. The researcher also considered a vast amount of data in the analysis and selected the most relevant quotations to illustrate the points identified (Cassell & Symon, 2004).

This chapter will analyse the results from data gathered based on the three categories above: first, logistics activity, including three related themes; second, purchasing methods, including three themes; third, the cultural category, with six sub-themes illustrating cultural factors.

**Table 17: Categories showing key themes and sub-themes of the study**

No.	Category	Themes	Sub-themes
1	<b>Logistics activity</b>	1. Effective and efficient e-fulfilment	1.1 Model running now 1.2 E-service scheduling 1.3 Insourcing operations 1.4 Outsourcing operations 1.5 Shipment criteria 1.6 Speed
		2- Supply chain improvement	
		3. Challenges	3.1 Payment gateway 3.2 Franchises 3.3 Postal system 3.4 Customs regulations
		4. Factors preferred	4.1 Comments
2	<b>Purchasing method</b>	5. Local and global e-fulfilment	5.1 Click and collect 5.2 3PL operations 5.3 Delivering globally 5.4 Regional purchases 5.5 Global purchases
		6. Large and small cities	6.1 Remote areas covered 6.2 Warehouse location
		7. Reverse logistics	
3	<b>Cultural effectiveness</b>	8. Cultural factors	8.1 Cash on delivery (COD) 8.2 Delivery to female customers 8.3 Language 8.4 Not answering calls 8.5 Trust 8.6 Tracking shipments

## 6.2 First Category: Logistics Activity

This category covers logistics models operate in the online market in the five countries, how LSPs rely on such models, and consumers' perspectives regarding the following themes.

### 6.2.1 First Theme: Effective and Efficient E-fulfilment

This theme considers the efficiency and effectiveness of the online market for the GCC countries' e-firms, LSPs and consumers, gaining their perspectives from the findings. Six sub-themes were identified when generating this theme: current logistics models, how companies, whether e-firms or LSPs, schedule their delivery services, insourcing and outsourcing operations, shipment criteria, speed. Our findings for the three perspectives emerged as follows:

#### 6.2.1.1 Current Models

The existing model was confusing for most firms, as they were still testing and trying to find a model that could fulfil both their operations and consumer requirements. For example, one of the largest online firms in the GCC countries stated:

*We have changed the logistics model six times and kept changing it until I arrived with a local driver for inside the capital and designed our own logistics to fulfil our consumers (E1).*

One of the largest grocery suppliers in the region reported:

*Our strategy failed after three months. Our branches still sell the products at the same time as online selling running; furthermore, cars and drivers need to respond to huge demand. We were the first to launch the services in the Gulf, but unfortunately the roads and congestion did not help us in any way and the profit was minimized sharply (E15).*

At the same time, E4, who had succeeded in using a grocery model without warehouses was saved from shipping products from the suppliers (farms) to the consumers by taking orders in advance with local drivers inside the city, and delivering items to the large cities by air cargo with immediate delivery to consumers. Furthermore, one grocery company (E17) which succeeded in a small city had a similar model without warehouses, but had a strict contract with P7 to deliver shipments within a maximum of 48 hours. In Oman, the model was classified according to two categories: large and small quantities of shipments (E22, E23). Another finding revealed the model of a furniture firm in SA:

*Our model does not provide too many products to consumers, just a few to let them choose to be assembled and delivered by LSPs immediately (E16).*

However, E2 stated:

*E-commerce is considered to be new in SA, and needs practical study for in-depth understanding of the environment and customers' behaviour – customer demands – and culture and their perspective towards e-commerce.*

The situation in the UAE is still close to that of other GCC countries, as reported by E18:

*We have been trying different LSPs to find a trustworthy one to make such a model suitable to fulfil our customers. In addition, this is the second e-store we have opened and failed many times with many weak and fake LSPs, but now we have a strategy with other global LSPs to deliver locally and to the Gulf.*

For the LSPs, the majority of the responses showed that they can customize the service once it is received, but the majority of the LSPs currently focused on global shipments and large volumes. However, from the LSP perspective, seven of the 10 respondents stated that their model was still specifically designed for B2B operations and had a global focus, apart from three firms, such as P1, who mentioned that the latest plan in the GCC countries was to focus on B2C as an important segment:

*We have a strategy to understand customers' culture and customize the system to it. For example, our mobile phones are still open all the time and we*

*respond to all e-firm matters any time. We have the authority to negotiate with customers until the last word. Culture plays an important role in these countries and we customized the work of logistics to them as much as we possibly can. In terms of a model, the answer is that we are looking at an electronic system and there are optics to manage warehousing and how it works (P1).*

One of the local LSPs argued that global LSPs claim to have solutions for consumers, without putting them into practice, which prompted him to carry out an in-depth study of the appropriate time to deliver:

*We are coming as a solution to LSP locally, as we have warehouses and focus on online stores. Further, we deliver after 5 pm to 9 pm. To be honest with you, you can't find any online stores that started and continued with a specific LSP in SA, our study reflects a level of dissatisfaction (P4).*

On the other hand, P2 (semi-government) offers a special service, such as the SADAD gateway (an operation to provide customers with the ability to pay online using an account authorized by the Saudi Arabian Monetary Agency [SAMA]). The reason for mentioning P2 is that they applied their logistics model thus:

*Our model was to attract anyone to sell online to open e-stores and deliver by us with competitive prices (P2).*

Surprisingly, e-firms in Kuwait and Bahrain do not deal extensively with global and local LSPs, because of the small distances involved. These firms mostly deliver using their own staff or part-time drivers (E24, E25, E26 and E27).

Based on the consumers' responses, few of them were satisfied with the delivery service, apart from some in the large cities who dealt with local drivers. One consumer stated:

*The delivery by P5 is quick and cheap but the problem is that you should go to their office (C10).*

#### **6.2.1.2 E-services Scheduling**

The second sub-theme considers how e-firms, whether pure players or multi-channel, LSPs and consumers responded regarding service scheduling. E-firms were classified by local delivery by their team, or using part-time drivers and LSP services. The findings revealed 24 e-firms with a variety of services, as mentioned earlier. The delivery processes differed, depending on whether they were run by the company, or outsourced to a LSP provider; for example, in Kuwait and Bahrain, they undertook deliveries on the same day with local drivers. However, same-day delivery cannot be free of charge, and does not cover all products. Delivery by local drivers has not yet been achieved by 10 LSPs. For example:

*We have premium services with local drivers in Jeddah with an extra charge, approximately 30 SR and we are going to expand that to Riyadh soon (E13).*

One e-firm in Riyadh followed two methods:

*Inside Riyadh: same-day express delivery with extra 50 SR plus 48-hour regular delivery for 25 SR. After 2 pm, delivered the second day. Special delivery any time.*

*Outside Riyadh: if there is no LSP and no express, three to five days – villages five to seven days (E1).*

Therefore, same-day delivery was available, but with an extra charge in SA, and in the UAE e-firms arranged their service for the same day if inside the Emirates, or on another day if otherwise:

*The P7 team comes to us daily to take all the shipments and deliver. If the customers are near to us, same day, otherwise, second day. And the maximum is two to three days to all the Emirates. If it is urgent, our team delivers, because RasAlkhimah is small (E18). (RasAlkhimah is a small city in north UAE).*

Another firm, which was popular in the Middle East particularly for electronics, declared that seven days was the expected time for a shipment to be delivered:

*We have four warehouses in SA, Kuwait, UAE and Egypt and deliver in a maximum of seven days (E11).*

One grocery firm (E15) reported that they gave customers the choice of availability; otherwise, they shipped in the next available gap. One firm situated in the northern capital stated:

*As the warehouse is close to the south region, the delivery might be same day or the next one and we take 45 SR excluding shipment (E9).*

Moreover, in the Emirates, one owner commented:

*Our third party delivers as following the standard, but an urgent same-day delivery will be provided and delivered by us if the cities are close to each other and the order comes from the area (E18).*

However, in Oman, E19 tried to satisfy its customers by offering a service free of charge and classifying services such as large shipments as two-day deliveries, with same-day or next-day delivery for small shipments. On the other hand, one of the technology companies in the east of SA (E11) which covers GCC countries with their delivery service, responded that they had one warehouse to deliver all the orders, which took three days to deliver anywhere inside SA and the Gulf countries, but next-day to the large cities. Therefore, local delivery inside a city was from one to three days, and for global delivery



from one week to one month, apart from Bahraini and Kuwaiti e-firms and e-grocery firms, which have to deliver goods within a maximum of 48 hours, whether insourced or outsourced. Twenty-four e-firms classified the previous services. On the other hand, nine of the 10 LSPs provided their services with same-day delivery, and, based on requirements, normal services were free of charge, some costing extra, and premium services having an additional charge. One LSP stated:

*We have three services: global express, economy express and special (for more than 1 ton). Global delivery will cost less than 100 SR for second-day delivery – while economy will take four to ten days (P9).*

System integration was also available, but only for large volumes of shipments. In addition, some LSPs had extended their delivery times to respond to consumer demand. For example, P2 had extended deliveries until after 5 pm, until 8 pm, having taken responsibility for e-government mail, which encouraged citizens to send and receive all documents by mail. Furthermore, one local LSP (P4) provided delivery on the same day, the rest of the global LSPs providing different categories, from one to three days locally, five regionally and seven globally, based on the services and shipment weight, with an extra cost above their standard rate for outside or remote areas. One interesting finding was that three LSPs could reach where one popular bank in region (P1, P3 and P7). Contracts with such segments helped some LSPs to customize their services, and take advantage of services provided to other consumers, as mentioned by P6. Two local LSPs (P4 and P5) did not provide global delivery and customers had to go to their office to send a shipment (P5).

Consumers from the five GCC countries had different views about accurate timing, tracking and delays. The majority of the consumers preferred global shipments to local ones for tracking and approximate times. Local shipments were mostly delayed, except in Kuwait and Bahrain. Consumers in the UAE were, to some extent, satisfied, except C10, who argued about P1 delays locally and globally. Another consumer reported:

*I have ordered from local e-stores and received notification of from three to five days and received on the third day, and another experience was I ordered globally and received my order within two days (C3).*

Another consumer also raised an issue:

*I need a tracking number on my shipment like global services that are free of charge, not with extra cost (C4).*

In Oman, the responses considered the positive side of service categories provided by e-firms and LSPs. Therefore, most of the consumers were more satisfied with global

shipment times and conditions than local or regional services, as some consumers had experienced missed or unreceived calls, and the items were then returned to the sender or lost. A more positive experience was reported by one consumer from SA:

*I have paid 50 SR for delivery within 24-48 hours and received within a 24-hour period very quickly (C5).*

Other consumers also had positive feedback for some providers' services (C3, C5, C6, C9, C12, C14, C15 and C16), although C18 from Kuwait preferred additional services, and C4 from SA had been affected by delays, and had had to go to a shop to buy an alternative item for an important event.

### **6.2.1.3 Insourcing Operations**

Insourcing and outsourcing are considered here as one sub-theme, which has been divided based on interesting data that emerged during the analyses. From the findings, ten e-firms relied for half of their services on insourcing, particularly inside a capital or large city. For example, three grocery e-firms stated that they insourced in large cities. One e-firm stated:

*Our team runs a delivery service. We have classified the capital into five parts (regions) to deliver to customers very quickly. We thought about outsourcing but we have not decided yet. In addition, LSPs here are too expensive (E15).*

A second grocery e-firm mentioned targeting large cities:

*The first one: special for large cities (Riyadh – Jeddah – Dammam) and they are special due to our major customers existing in those cities and we deliver to them by airplane. In addition, there are two deliveries by our staff that are available in each city, who receive and deliver products from the airport to their homes, 120 SR minimum (P4).*

Some e-stores had no choice about insourcing their services, as no other choice was available. One e-firm responded that dealing with LSPs was difficult, and they did not follow a contract.

Another e-firm (E20) responded that their local area was a priority for them to deliver to quickly, to keep customers satisfied with their services. In Oman, e-firms did not choose a global LSP, as they were very expensive. Secondly, the policy there is that the driver must be Omani to drive a truck, which led them to choose a local LSP with Omani drivers because this was better, faster and cheaper. The experience had not been easy:

*We tried four drivers until we found a good one. They are professional and accurate with no guarantee (E23).*

Moreover, Bahraini and Kuwaiti global LSPs do not operate for local shipments, for which they rely on local drivers or a local logistics company. As stated by one company:

*I prefer to deal with local drivers or deliver by us if the demand is not huge, we are a small country (E22).*

In Bahrain, one of the responses was that they dealt with local and global shipments because it was clear that people there preferred to buy from abroad and have items delivered, but for local items, most consumers ordered to collect. However, some online firms used insourcing for such a strategy and responded to feedback from consumers by hiring people from the same community. For instance:

*Some local deliveries work by hunting for new areas that need the focus of marketing campaigns and feedback from customers (E2).*

While some e-firms were concerned about feedback, others had different reasons for insourcing. Four e-firms out of ten (E1, E2, E3 and E8) raised the issue of payment, and provided insourcing, particularly inside large cities, offering two advantages: cash on delivery (COD) and enabling consumers to exchange items if they wished. The question of using insourced or outsourced services was critical for some e-firms. For example:

*As I said, local drivers work with us part-time and take the shipments and return the money. We spent two years understanding the delivery system, then we hired a team to design the logistics programme. As you have seen, this is very fast with links to more e-stores and websites. The previous warehouse software was called People Box. The unique feature of this software is that it includes the packaging with the shipment, the cost was 150,000 SR, four months plus four guys (E1).*

#### **6.2.1.4 Outsourcing Operations**

E-firms deal a lot with outsourcing. According to the responses, 17 e-firms dealt with different LSPs in the GCC country market, and global LSPs in the Gulf had offices in Dubai and worked as agents inside SA. To deal with a LSP and open an account in SA, you have to have a licence, which is still not available. Therefore, most e-firms open fiscal stores to have licence as open account to the LSPs firms need licence as compulsory condition . More details about this policy are included under the next theme (challenges). Moreover, one grocery e-firm in SA stated that they preferred to work with one of the global LSPs with a maximum of 48 hours' delivery time. However, they sometimes received an order and the delivery took more time than expected:

Most respondents choosing LSPs to take on an operation were not very satisfied with their choice. This happened to E2 when dealing with a regional logistics firm offering a cheap

price, but they found that quality was affected and consumers were not totally satisfied, so they shifted to another LSP, P7, who satisfied them and the consumers. By contrast, this account came from an Emirates e-firm:

*We have two approaches to delivery: P7 globally, a local LSP for inside the Emirates. Customers have to choose a global LSP like P3 and Emirates Post. Most customers prefer Emirates Post because it is cheap and delivers in seven days. However, P3 has very fast delivery to Qatar, next day by air cargo. In addition, P3 is very costly, not good for us. – P11 is very good and follows up with us by SMS and customers, which suits us so far. P11 covers all of the UAE, with a fixed price to deliver and receive the money, which is collected weekly (30 ED) (E18).*

In SA, one online store (E2) responded that they did not normally deal with global LSPs, apart from for consumers' enquiries, and found four operations in four regions, which was difficult to manage. One of the grocery e-firms complained that none of the LSPs in SA accepted food, apart from P2, which outsourced parts of the service to all but three large cities, with the condition of a maximum of 48 hours' delivery. The next theme examined will consider the criteria for certain conditions in more detail. According to our data, for the online market in GCC countries, outsourcing is the only choice they have, without total satisfaction, as some features are not always available, such as tracking or understanding the society. One firm decided to outsource deliveries made outside Jeddah, and stated:

*Yes, as I mentioned before, outside Jeddah the services are outsourced to P1. Of course, we try hard to fulfil our customers and that is why we offer a delivery service in our city to be delivered the same day or as soon as possible. We chose P1 for other services because P1 is a popular LSP name compared to other LSPs, based on our research. Our focus (trust, global, tracking system provided) is due to most customers always asking when their shipment will be delivered, so we are concerned with tracking shipments to be assured of the process (E20).*

On the other hand, E20 continued:

*While for other shipments delivered by P1 there is a delay, our contract with them is to deliver shipments on the second day, but there is no commitment to that and when we call them they say the shipment was indeed delivered to the distribution office or branch and they make up various excuses every time when this is repeated.*

Another multi-channel firm found a solution to dealing with two LSP providers, stating:

*As we are multi-channel, P7 runs services to deliver online shipments, while P1 delivers our products to all our branches. So yes, we have two strategies for dealing with our products (E7).*

E7, E12 and E9 outsourced in order to focus on their business, and have a contract with P7 as it delivered to 400 places. In Oman, e-firms seemed to prefer to deal with a LSP provider and were satisfied with them, particularly for large shipments and sending items abroad.

#### **6.2.1.5 Shipment Criteria**

Concerning LSPs, e-firms and consumers' responses brought a wide picture of how a good understanding of a fulfilment model could be applied by firms in order to satisfy consumers. This sub-theme considers the criteria that were followed by e-firms and LSPs, as all of the LSP providers in the GCC countries had different views on dealing with such products as grocery and non-grocery. Our findings reveal that half of the LSPs from a total of ten refused to deal with grocery, apart from P2, who handled dates and fruit, with certain conditions. Further, some firms could deal with grocery, but asked for large volumes (P6). In addition, P8 stated that there was no problem, but the cost would be high. Furthermore, P1 dealt with one e-grocery firm as part of its operations with another firm in Dubai and Egypt. Some local LSPs dealt with items that could be affected by the temperature in the region, such as a printing firm, but they refused to deal with products that could spoil on long journeys (P5). However, P7 responded that it dealt with honey and olive oil, as well as transporting blood between hospitals, but declined to deal with grocery items that spoiled in a matter of days. They stated:

*We have dealt with more risky products than that. We are authorized by the Ministry of Health to transfer blood infected with the coronavirus [a disease that spread in SA in 2013-14 and was very dangerous before the country put plans in place to bring it under control]. In addition, for groceries, we deal with olive oil firms and have customized bottles for them to ship safely. We also transfer honey from the southern area. Frankly, for groceries, some products like frozen food and milk that expire fast, this is risky and we cannot take it and there is no profit for us (P7).*

On the other hand, some e-firms had different criteria, such as packaging, which was a concern for them, as no one packaged with LSP due to cost and inequality. In addition, there were products that needed to be packed properly, such as cosmetics, glass, whether drinking glasses or gifts, bike helmets, which are very sensitive, electronics and GPS devices. E-firms had to do this themselves due to the cost of LSP packaging, and to try to fulfil consumers:

*Yes, but inside Riyadh, as we deliver quickly we don't face any problems. However, outside Riyadh we have make-up, where sometimes the outside melts and it's damaged during delivery (E1).*

However, E2 sent shipments without proper packaging, with the result that the items were broken when the consumer received them.

E16, on the other hand, maintained that packing items in their store gave them more confidence of safe shipment (a guarantee of only 100\$ being hardly worth it for some valuable products), which will be covered in more detail under the reverse logistics theme. The interesting finding in this sub-theme was that some e-firms mentioned a guarantee tariff assigned by most LSPs for any claim that took place, and that it was worth less than a quarter of the price of a bike helmet, which was estimated to be \$100.. According to one LSP,

*We don't have packaging services but we have a guarantee to take 1% from the shipment cost for damage or losses, except jewellery, gold and cash are already banned (P9).*

Consequently, some e-firms applied their own criteria:

*Yes, we deal with many products, even food. We sell desserts by packaging them in a special way, plastic bubble wrap with a special box to protect the food to deliver it fresh (E13).*

One of the largest electronic e-stores in the Gulf had certain criteria:

*As we are dealing with devices and electronic devices and large products like fridges and freezers, we deliver the large ones to be assembling by us and other devices have standardized or normal packaging (E11).*

The situation is close to that of another e-firm in Oman (E19), which mentioned that some parts of larger products need to be kept safe until they arrive and can be assembled conveniently. In addition, an e-grocery firm in the capital city in SA had the following experience with its delivery car:

*We divided our trucks into three parts (frozen – cold – normal) to put each food in its category to deliver fresh and to keep them from damage due to the high temperature outside. We help to cover Riyadh, then transfer the experience to other experiences (E15).*

Another LSP commented:

*We deliver dates, books, olive oil and fruit and there are teams for packaging but there are no warehouses to reserve products. We have PRIORITY criteria, such as fruit, that cannot wait forever in a car or the air before expiration, so fruit has immediate departure by any means (P2).*

In the UAE, the experience was that LSPs followed the same strategy as other countries, some of the responses suggesting that e-firms had tried to contact and persuade the LSP deliverer to pay attention to them, without result. One popular e-firm shipped large

volumes daily inside the UAE, but outside, it kept changing LSP firms to find one that was of good quality. The company reported:

*In the beginning, we failed as the LSP did not care much about the shipments, then they changed the packaging to a stronger material for the boxes (E18).*

According to the findings, most e-firms stated that clothes and shoes did not cause major issues for delivery, while e-firms dealing with cosmetics received negative feedback.

Consumers had had various experiences with global shipments delivered in good condition, based on Customs holding times. One interesting finding was the different experiences with five LSPs. One consumer stated:

*If I am to order a laptop, I will let someone bring it with him so as to ensure safety. Glass jars of honey and beans, although they were packaged, arrived broken. Make-up arrives but the storage is bad and damages the product, P6 is the best but they do not have the collection service MyUS (C1).*

C10 responded that he had received different products a number of times via different LSPs, such as glass jars of honey and beans, that had arrived broken. Further, make-up arrived damaged, so he preferred to deal with one global LSP, and had finally found one he preferred. C11 ordered something from abroad and they went to P2 and called them, but with no response. However, once he arrived at their warehouse, he found that the product had arrived three days earlier, but was heavily damaged. On the other hand, C5 had received six shipments in good condition.

Few of the consumers' shipments had fulfilled good criteria, apart from C6, who responded that the shipment had been damaged, and no one would take responsibility, neither the e-firm nor the LSP. Issues regarding policies and guarantees are considered under Themes 3 and 6 later.

#### **6.2.1.6 Speed**

Logistics systems are linked together from order to delivery but, due to the type of process, some details need to be understood in order to reflect e-fulfilment for both e-firms and consumers. A total of 25 responses divided between nine e-firms, five LSPs and 11 consumers stated that speed in general was a benefit in large cities throughout the GCC countries, as most e-firms deliver from the next day to three days, and provide a service to customers five days a week internally, or one to two weeks regionally. There is also some differentiation globally, in which some e-firms provide two weeks to one month, and others two months. The interesting aspect from the responses was that some LSPs repeated the same answer: they delivered to where the same popular bank was available.

P8 stated that their system was designed to provide a quick solution for banks, and that all services came under that system. One local logistics firm responded:

*We are capable of delivering the same day inside Riyadh once we receive the shipment early (P4).*

Another local company followed a strategy of working from 9 am to 9 pm to deliver shipments to their office within 24 hours (P5).

Extra payment was strongly linked with a quicker process, with most LSPs and some of the e-firms making an extra charge for next-day delivery. For example, some e-firms needed to have the orders early and in the local area to be delivered quickly, otherwise it would be moved to the next day with an extra charge. P4, P7 and P9 reported that they were prepared to deliver overnight for an extra tariff, and P1 and P7 gave the same answer: *We deliver to 4,900 places over SA and next-day delivery for large cities.*

P1 also stated:

*We deliver to 4,900 places over SA for large cities, next-day delivery for the south like the Farasan Islands near Jizan City, it takes up to four days for cities in remote areas. We charge by the kilo, the average will be from 250-600 SR – for the farthest places the charge reaches 1,000 SR.*

The figure of 4,900 reflects the number of branches of the same popular bank in the Gulf, as referred to in the responses from the two LSPs, P1 and P7. On the other hand, in the UAE, the service is quicker than in any of the Gulf countries, and delivery is fast, for an extra charge. Most consumers from the UAE (C10 from Dubai and C11 from Abu Dhabi), were satisfied with the fast delivery. However, LSPs were not as fast as local logistics firms, as agreed among the consumers and confirmed by the LSPs. However, one e-firm (E1) followed a strategy of speed that shipments would not be turned around for three days, due to some consumers not receiving calls, to provide some fulfilment to the consumers.

One point regarding speed was that some consumers said they needed to know where the shipments were and an accurate time of delivery. Confirmed shipment was followed by global LSPs, although there was an issue with two factors: confirmation was received in English by text or email, and the calls were received by a driver who did not speak Arabic.

Furthermore, one respondent stated:

*I work far away from my house, one hour, and one time I received a call that the driver from P2 was in front of my house at 12 pm. It was impossible to come and the driver put the shipment in the office for collection in the centre of the capital, far away from my house, one hour as well (C1).*



### 6.2.2 Second Theme: Supply Chain Improvement

The findings were derived from 28 responses, which considered most e-firms and LSPs; 20 responses were from e-firms, and eight out of the 10 LSPs responded to questions regarding whether supply chains and e-services needed to be developed. Figure 24 below offers an indication of how E1 was trying to use inventory software and other programmes. The cost of these programmes has reached thousands of riyals. The picture shows the system they invented by hiring a team to work on it for six months and moving to a laptop using barcodes to link online purchases with the warehouse drop as an option for consumers.

*We started manually then bought a warehouse programme but the shipments were still not accurate and had an old design with high costs of 20,000-50,000 SR, plus a scanner to sync with it. Therefore, we hired a team to create our own warehouse software that relies on barcodes to minimize errors when picking and this was useful and can also be linked with other e-stores (E1). Therefore, technology was considered a barrier rather than a helpful tool.*

In addition, assigning a logistics system or following a supply chain method was considered to be an issue for E11, who sold large devices in the Gulf and had four multi-channel stores throughout the GCC countries.

They were thinking about sharing the building of another warehouse to speed up the process of delivery and fulfil the whole consumer segment with large furniture firms, and stated:

*Yes, we have a delay in delivering products and fulfilling customer requirements. We are going to build a warehouse in the Jebel Ali hub in the UAE to shrink the lead time from six weeks to two weeks (E11).*

Furthermore, Oman, like SA, is a large country and relies heavily on roads. One e-store that sold furniture located in Muscat had plans to develop a supply chain:

*Yes, delivering furniture is considered too difficult because one warehouse is not enough to fulfil customer services. We are thinking of opening another warehouse to deliver faster, especially in Salalah. We have done that as an experiment and charged customers 10% and that went successfully (23).*

Thus, grocery e-stores, whether PP or MTC, had different views. For example, one e-firm wanted to replicate or understand other global grocery businesses and re-structure the delivery of groceries throughout the GCC countries:

*Absolutely yes, we are working on that heavily and to take a successful experience like Tesco in England, where they have applied branches for delivery only, which I think is a very good idea to deliver from the store (specially for delivery, not shopping) (E15).*

Moreover, another grocery e-firm was thinking of solutions for storage and deliveries, such as tracking, which would enable them to be better prepared, and help them with profitability and fulfilling more consumers. Another interesting finding was that some e-stores have designed their own system, and some of them needed a new LSP, or were looking for a LSP to improve their logistics system with new solutions, such as E9, E13, E14, E18, E20, E21 and E22. One of these e-firms stated:

*Yes, we would like to run all services ourselves due to there being limited logistics companies and we have a lot of pressure, and deliveries by us will be more efficient and determine fulfilment. However, it is not costly, it will be the same or cheaper than outsourcing (E13).*

This situation emerged from the response of another e-firm, which was ready to find an alternative which considered risk for LSPs in the Gulf. One company stated:

*As we outsource delivery to P7, yes, I want a company to cooperate more with us and there are three things that if we find we will immediately shift:*

- *Speed of delivery.*
- *Insurance for all products at one time, not for each product, which will be costly, as we are struggling now. We pay 4% from each shipment.*
- *Provide COD (receiving cash when a product is delivered) (E14).*

In the UAE, e-firms followed the e-firms in SA and Oman. From the findings, they tended to consult professional logistics companies regarding their logistics activity in order to find an effective solution to their system requirements. Hence, one Omani e-firm would like to develop a logistics system with a link to a payment gateway with their system to make the process faster. According to one response:

*We communicate with the Information Technology Authority and Masqat Bank, and we make payments online and then develop the website and link it with the Operations Department, which shall be high-tech (E22).*

On the other hand, some e-firms and countries did not argue about logistics systems and they were not ready to develop their e-services yet. Based on their responses in this study, the finding was that e-firms in Kuwait are good with logistics systems, as well as E3 and E6 in SA.

This study has focused on three points of view for activities related to each category. Our findings revealed that eight responses out of 10 agreed with continuing to develop their

logistics system and being ready to customize any orders from e-stores or customers, apart from P10, which argued that their strategy was still running and their operation would stick with that, and P2, which had a solution that will be explained at the end of this section. P1, P4, P5, P6, P7 and P9 were ready, and some details from their statements generated interesting findings. For example:

*We interact with the market and the variables change. For instance, four years ago, we didn't have a logistics system between customers and firms. Further, we customized a special plan to transfer the risk of shipment. In addition, we provided a repacking service for shipments (customizing the packaging as the e-store requested) (P7).*

Development was not only to fulfil consumer's needs; a new policy had emerged in recent years in the SA capital, which led to one LSP stating:

*Yes, we try to develop based on two things: customers' demands which we are first of cheapest LSP and changing the policy of the authorities (P5).*

The above change in policy refers to an incident involving a petroleum lorry that crashed and exploded, killing several people. After that, the Transport Authority banned all heavy lorries inside the city from 9 am until 9 pm, which heavily affected some LSPs, and P5, a regional LSP, was also affected. P9 suggested providing parcel stations spread throughout the city and countryside, to offer collections. They had five places, but needed more, although there were some disadvantages, such as needing more guards and monitoring, taking into account P2's semi-governmental status. Finally, according to one e-firm:

*We are working on remodelling the logistics system as delivery affects customer behaviour. We need to deliver the same day, especially in Riyadh. P7 process all shipment as not immediately delivered, they classify shipments in the operations offices. Therefore, we talked to them but they do not cooperate with us, and don't provide solutions (E5).*

### **6.2.3 Third theme: Challenges**

The challenges theme considers all the barriers that can affect e-fulfilment and was the second question of this research, after considering efficiency and effectiveness from a logistics perspective. Four sub-themes were gathered to represent the challenges from different perspectives regarding the efficiency of operations and to what extent barriers affected them: the payment gateway, franchises, postal system, and policy, which will be presented in the following sections.

The findings demonstrate that the majority of LSPs had issues with unclear postal systems, customers not answering the phone for an item to be delivered, and the receiver changing his or her information details. Whereas P7 did not refer to any of these issues, P9 argued that Customs regulations were still considered a major challenge. Thus, some challenges have emerged and need to be discussed in the following section.

### **6.2.3.1 Payment Gateway**

Payment methods are still one of the challenges in the GCC online market, and a sub-theme emerged, that the UAE was providing solutions for some banks to accept transfers from accounts to e-stores. The majority of the consumers were still worried about trading online and preferred bank transfers. However, at the same time, the e-firms claimed that transfers often came with a name they did not recognize ordering the transfer, and that e-firms in SA needed to open a shop and have a licence to be eligible to open a bank account. E4 mentioned that opening an account was considered costly after fulfilling bureaucratic procedures, so when consumers entered a name that was not a company name, they waited and did not transfer the payment until they could see the company name and have this confirmed. Some solutions were suggested, such as K-net in Kuwait and e-wallet in UAE, or PayPal in the rest of the countries was considered as one solution, while a visa card was not popular, or came with a limit.

### **6.2.3.2 Franchises**

LSPs in the UAE worked and followed the mother company abroad, whereas in SA most global LSPs worked under an agent, as there is no franchise system yet in SA. However, there was one exception:

*We are the only LSP to enter the Saudi market as a partnership, we follow the mother company (P1).*

In the UAE, some LSPs declared certain services, but in SA a different service was provided and some e-firms offered information regarding different global and local shipment operations. Our findings reveal that it was only the LSPs who could suggest anything related to consumer fulfilment, and whether franchises affected that. P3 confirmed that services in the UAE were different from those in SA, which had stopped home deliveries across the world. Another LSP stated:

*that gives us more flexibility to customize such services (P7).*

At the same time, P7's mother company in the UAE considered that prices would be different between them and the agent:

*The Saudi Arabia P7 office is different than ours because they are working under an agent and provide the service and they conduct the prices. However, here we followed the mother company and all services and operations support us with strategy (P7).*

The above was similar to P9's response, when it was mentioned that more services were provided in the UAE compared with SA. On the other hand, a global LSP in the Gulf stated:

*No, all the same, we have followed the original strategy (P6).*

### **6.2.3.3 Postal System**

The postal systems are still not well organized in SA and Oman, even though they are large countries, but are well structured in Kuwait, Bahrain and the UAE. Surprisingly, one e-firm (E7) mentioned that they had a contract with P2 to try and re-structure the postal system, but the project had been placed on hold, due to the Ministry of Municipal and Rural Affairs (MOMRA) stopping the project to review it; since when it had come to a halt. Not having a complete written address was a common response from e-firms and most LSPs, as this caused problems and delays. Furthermore, one statement regarding the postal system was that although it was:

*true that MOMRA was still studying the project, there is a system called "Locater", which can direct you to the address by a number code that is considered a postal code (P2).*

### **6.2.3.4 Policy**

Policy was considered one of the challenges affecting e-fulfilment, and findings emerged from this sub-theme regarding whether this was local and within countries, or between countries, such as Customs regulations. Consumers in the UAE had more trust than those in SA, as there are laws in the UAE, and every party has rights if something goes wrong, while in SA, consumers preferred to follow reviews of previous experiences and try first with COD, to be sure of a service. From the viewpoint of the LSPs, P1, P3 and P6 had an issue with Customs policy and argued that they had to find a solution, as P3 had hubs in the SA capital airport. In addition, some policies had been established suddenly. One large e-firm mentioned that they had been trading for years, but the previous year Customs

officials had stopped one shipment and asked for a fine or a return due to a GCC trade agreement. He had been surprised by this kind of agreement and stated:

*We have paid a fine but after that it's easier between GCC countries when you have a GCC trade agreement (E25).*

Furthermore, some policies were known and did not need to be mentioned, such as the ban on alcohol coming into SA or Kuwait. However, an observation emerged from this theme that might strongly affect e-fulfilment and needed to be clarified. As one of the global LSPs stated:

*Services are similar in SA and the Gulf, the differences are small. The Customs policies are different between the GCC. For example, vitamins are banned in SA. We stick with the same standards all over the world (if any firms have differences in services between countries or different standards, this means there is a mess), this rule in on the firms. We can't compare SA or Kuwait with Dubai. SA Customs give us a quota of 20 trucks daily, which created a black market in the past where people hired 20 trucks with different names. Jeddah hubs are closed, and private planes are limited by Saudi Aviation with regard to the busiest airports (P3).*

By “busiest” he meant when the pilgrims are visiting Mecca, and current re-development of airports.

One of the LSPs (P9) mentioned that they could not compete with organizations who granted licences and took annual tariffs. Therefore, one LSP considered a semi-government that authorized and granted LSPs in SA:

*Yes, yes we are taking but not too much (P2).*

Moreover, P2 entered the market via an online gateway:

*We have a strategy to be open to everyone which we signed with the Ministry of Social Affairs (MOSA), who are responsible for regular workers and hand-workers who make traditional stuff and do something by hand and people who are doing stuff but have no electronic gate to advertise and spread their products to have the benefit from three categories of services (P2):*

*Providing a payment gate to customers because we are semi-government and have a service called “SADAD” linked with the SAMA system, the Saudi bank system. Further, they can pay at our offices which are situated in all cities.*

*Providing an online vendor window to show their products and start selling.*

*We have a unique service which can service all ages, those who can use emails or are too young to have a bank account and dealing with them manually by providing them a service from their homes (P2).*

Payment gateways and competitive prices cannot be imposed without government support, and one of the local postal services had moved to the online market. Furthermore, SA has more than 50,000 students studying abroad, and P9 mentioned their shipment delays in Customs, while P2 provided a half price offer, but that line had almost stopped as they could not compete. Another challenge was reported following huge demand from Dubai:

*We deliver to Dubai only, not sending due to...because if a truck comes from Dubai it will be stuck on the border for two weeks, while going from here to Dubai is very fast (P5).*

Another challenge was reported by E22 in Oman, who explained that they sold stones with spiritual instructions. However, SA sent a letter banning shipments, unless the stone was sent alone, separately from the instructions form, which could be sent via email to fulfil consumers and avoid Customs regulations.

The last challenge was reported by E1:

*Customs don't have a stable policy and regulations and that tires us. We had a shipment held at the airport for a month with many reasons, like stamps and paperwork or it was made in Turkey. We have products that came from the US and were returned with 'Made in the USA CUSTOMS unacceptable' written on them.*

### **Communications**

One further interesting finding from a global LSP in Dubai was that the culture created pressure, as they had advertised same-day delivery and faced huge demand, but claimed that certain factors led to the company stopping this system a year later. Moreover, P5 was very popular in the Gulf and reported the following three challenges:

- *Lack of trust from consumers and some e-firms.*
- *E-stores are still growing the number of stores and they do not understand the LSP job yet. They started quickly and chose LSPs the wrong way.*
- *Moreover: feedback brought trust to customers and they rely heavily on word of mouth or reviews from customers (P5).*

## **Cooperation**

Hence, the majority of the e-stores (26) responded regarding two matters: challenges from consumers' and LSP cooperation. In addition, the finding that most e-firms shared certain issues with LSPs (for instance, customers not being at home, or not answering their mobiles when a delivery arrived, shipment delays, payment methods, incomplete home addresses, consumers' reviews of services) was considered the other important element to emerge regarding challenges. Furthermore, from the e-grocery perspective came the claim that they needed a premium service:

*From my perspective, our products are considered sensitive, they can be damaged by temperature and bad-quality protection and most LSPs do not provide fulfilment conditions for delivering our products. So we are looking for a premium way, for example: the environment in Saudi planes is not good and they put our fruit in freezing temperatures. Furthermore, firms such as P7 and P3 do not provide cars or vans with good conditions, and they do not accept food and liquids and they told me that personally (P5).*

Another factor that makes a connection between some e-firms and LSPs is that following an operations flow puts e-firms and consumers under pressure, and affects e-fulfilment if there are major delays. One e-firm dealt with sensitive groceries with a 48-hour expiration time and argued that P7 did not deliver the shipment once it had arrived in the city, and that this had taken one further day to deliver, breaking the agreement:

*P7 calls customers to take the shipment from their offices while our contract is to deliver to their homes, but frankly this does not happen in practice (E14).*

## **Infrastructure**

The SA capital was now working on a major infrastructure project (railway network), regarding which one large grocery e-firm commented:

*Riyadh has a lot of congestion now and this has increased more due to the new tube in Riyadh, and most highway roads seem closed (E15).*

## **Reviewer**

As mentioned earlier, word of mouth affected LSPs, as confirmed by one e-firm:

*Might lose customers if they are not satisfied with services, also reviews directly affect the firm's reputation if delivery doesn't work properly (E12).*

**Tracking** was considered a challenge as well, and some firms argued that a shipment could arrive at a consumer's city, but take time to be delivered:



*We have agreed with P1 to keep a tracking system available and when followed this could show that the shipment arrived in the city but took more time in operation until it was delivered, which affects us (E13).*

Most e-firms dealing with COD faced problems from purchasing consumers not answering their phone. Four e-firms from the UAE argued about this, and one proposed a solution:

*We call customers if they don't respond and send an SMS, especially for people who won't answer a strange number. Then we send an SMS with details and a phone number to reassure customers, especially women who won't answer different numbers (E18).*

Another e-firm from the UAE described the challenge of LSPs being unclear:

*LSPs are not clear with delivery, we need our system together to make the delivery fast and satisfy with our service and speed the process [but] we struggled with receiving calls and took a long time in operation. An integrated system is needed to receive orders in three 3 parts (consumers, LSP and us), to make delivery fast, create customer fulfilment with e-store follow up and selling more. [We] wish that happened (18).*

Kuwaiti e-firms face similar issues, and E24 added that lost or stolen shipments were considered a high risk from their perspective. Moreover, according to the findings, some consumers did not yet have email.

On the other hand, some e-firms argued that consumers do not understand online purchasing, and keep calling or sending messages about delivery times and asking how close the product picture is to the reality. Therefore, in Bahrain, E27 was looking forward to payment solutions being available, such as SADAD in SA.

Not answering phones and incomplete addresses for return shipments from e-stores dealing with COD were still the highest placed element among the 55 interviewees regarding the Gulf online market. Finally, one firm mentioned:

*Before I finish, I would tell you that there is a fine of 5 million SR and five years in prison for anyone trading without a licence due to policy law from the Ministry of Commerce (E8).*

Based on the 16 consumers from across the five countries, different challenges emerged, the two most important of which were considered to be payment solutions, and doubts about the products in the pictures being different from the products that arrived, which led to returns, or goods not being received if the operation was COD. Language was considered an issue, but not really a challenge. However, delays and inaccuracies regarding products and tracking were still challenges, with half of consumers admitting

to being confused about why e-firms and LSPs could not understand their culture or their demands. In addition,

*There is no difficulty in shopping. However, difficulty in the method of payment as to whether it is secured or not, as well as delivery (C3).*

However, C7 and C9 perceived no challenges, and were satisfied with the services.

#### **6.2.4 Fourth Theme: Factors Preferred**

To achieve e-fulfilment, there are certain factors that need to be introduced. From the findings of this main theme, another sub-theme emerged that could enhance this study, and provide solutions to EC in GCC countries. Our findings for this theme encompassed 36 responses (14 from consumers and 22 from e-firms) the most common elements being as follows: more cooperation from LSPs, a payment solution, and clear logistics activity, such as accuracy regarding times, shipments and conditions. Speed also emerged as an interesting factor. Consequently, the majority of consumers across the five countries argued about which services were needed more. For example,

*Time accuracy, honesty as regards materials, services and sizes (C5).*

Clarity regarding shipment times and tracking, particularly once an item had arrived at Customs, was considered an issue from the consumer perspective:

*Full details; if you want it within two working days, it will reach by such, if three working days, it will arrive after seven days (C6).*

However, C11 was satisfied with local and global shipments, and a few consumers desired easy sites and more services, in particular, global shipment collections and costs. Hence, one consumer from Oman listed the following consumer demands:

- *Flexibility in the delivery process*
- *Accuracy as regards times of delivery*
- *Several methods of payment*
- *Quality of delivery (C7).*

From the e-firms' response, the finding that emerged was that most of the e-firms (22) preferred LSP firms to enter the market with new solutions for warehouses, which would lead to a reduction in cost, more professional staff to help them with services, and more cooperation from consumers, particularly the COD segment. Our finding reveals that cooperation from LSPs led to delivery on the same day. Clear and efficient Customs processes, with a reliable postal system, were mentioned as requirements by the majority

of e-firms. However, payment was still considered a barrier. More cooperation from LSPs was a requirement, as E10, who considered large e-firms with global selling dates stated:

*To handle transaction system by our firm which took percentage from selling transaction (E10).*

Another interesting finding from SA was as follows:

- *Payment solution rather than visa card or transfer, such as debit card or pre-paid card is acceptable at banks and e-store sites.*
- *A well-set-up warehouse helps us faster with advanced technology and logistics systems.*
- *More LSP firms are better, faster and more cooperative (E12).*

The above comments reflect upon SA and Oman, as a payment solution has, to some extent, been found in Kuwait and Bahrain. More LSPs could solve this issue. One e-firm who had had experience with most LSPs stated:

*We need more LSPs on the market as the global and local firms are not perfect. P1 is considered a good one. The priority when dealing with LSPs are timing, then appropriate cost and they have pre-paid, which minimizes the cost to us. I have had experience in my job with all LSPs, they are all weak, especially P7 (E13).*

Trust was one of the key factors, as doubts were still felt by most consumers, which has led e-firms to join an informal union (called *Mothoq*), or register as an Internet domain ending with com.sa, to at least have one strong point that could encourage consumers to trust them. These domains are authorized by the Ministry of Telecommunications, and users pay for this, but it gives them some reassurance that the domains are not fake. However, some conditions and the money required to pay are still obstacles to many companies. One grocery firm operated by a businesswoman in a small city in southern SA struggled when applying to have a licence or seeking information about this rule. In the UAE, E18, E19 and E21 were looking to integrate their system with P8:

*In this integrated system, once we received an order, the three parts are confirmed at the same time by SMS to make delivery fast – customer fulfilment – the e-store follows up and sells more. What happens now is more exhausting to follow up with both of them, customers and LSPs (E18).*

Some further factors were infrastructure and cost. One e-firm commented:

*Can you imagine, the delivery from China to SA is cheaper than shipping products to Qassim from Riyadh. I don't know why. Might be because of the volume and the availability of infrastructure (E8).*

Furthermore, a unique address is still required. One e-grocery firm repeatedly mentioned the importance of transportation:

*Transportation, transportation, transportation. All the facilities provided by logistics firms now are useless, this needs more creative ideas to think of methods for delivering food in innovative ways. If you would like to open an e-store, the first thing to think about is transportation, it's a very important thing, as a firm like us can't buy large trucks, which are considered expensive, about 900,000 SR to buy a large fridge to preserve products before dispatch (E4).*

Other factors were payment methods and a licence for e-stores. E5 mentioned payment and cooperation with LSPs with extra, well-structured warehouses using high-tech equipment to operate logistics systems to help them with their shipments. On the other hand, one e-grocery firm had failed with delivery, and stated two important needs from their experience:

*Special branches for online delivery (dark store) and more logistics staff to respond to demand (E15).*

Some e-firms argued about changing Customs procedures, by suggesting, for example:

*I wish such organization could be launched to arrange Customs policy and keep up to date with traders, especially for new rules before shipping (E1).*

Based on the above comment, two interesting findings came from one consumer (C1), who stated:

- *Shipping companies are getting worse.*
- *Shipping companies are stable and are not in line with the boom in e-commerce.*
- *Direct delivery, as I do not like LSP companies, I wish that Amazon delivered to us directly and we could dispose of such companies.*
- *Secured and trusted dealings with shipping companies and greater flexibility.*

In addition, one e-grocery firm commented on some points as follows:

- *Our driver considers he's the person who picks and delivers.*
- *Preparing cars is considered costly.*
- *We were the first firm to provide groceries online with wider prospects and there is a unique challenge in Riyadh as that city extends horizontally, with each block containing a high population volume, which makes deliveries tough.*
- *Five branches are not enough to cover a city like Riyadh (E15).*

In addition, a few of the LSPs took the view that e-firms need to understand the services and link that with their logistics operation. Furthermore, some payment solutions can help, rather than taking the risk of COD and returning money transactions. Importantly, consumers need to complete the forms properly, which makes delivery easier by having correct numbers and answering the phone upon arrival of the delivery. Notwithstanding, LSPs in UAE are closer to the consumer, providing a wide service. EC law can be a

helpful tool for most LSPs, based on transactions and deals with small to large firms in the five countries, with different services and products.

### **6.2.5 Summary**

This category gathered the four main themes under logistic activity in the online market of five countries. The result reflects lack of experience in most e-firms, based on their activities and consumers' desires. Hesitation in taking decisions stemmed from unknown environments. In addition, LSP firms use standard delivery process, most of them not yet having fulfilled the e-firms or consumers. Lack of communication and experience are the two main concepts emerging in the first category.

## **6.3 Second Category: Purchasing Method**

### **6.3.1 Fifth Theme: Local and Global E-fulfilment**

This theme comprises five sub-themes which represent the second category of purchased methods. The five sub-themes are as follows: click and collect, LSP operations, delivering globally, and how the process flows from purchases from inside the GCC countries, and from abroad. Click and collect was the first sub-theme that emerged and is discussed in detail in the next section.

#### **6.3.1.1 Click and Collect**

As 'delivery' is the most repeated word in this sub-theme, as most e-firms and consumers across the Gulf preferred deliveries to their home. One consumer in Oman stated:

*It depends on the size of the shipment but in general from the shop. Of course, purchasing through the Internet shall be for goods that cannot be obtained from within the country (C7).*

These products are not available online, another point of view from the same country declaring delivery was preferred, but not for sensitive products. Most SA consumers held similar views regarding goods needing to be shipped by professional or brand name to keep the stuff safe and secure, with the exception of shipments of clothes. Saving time and avoiding busy places were other important elements that emerged (some consumers wondered if e-stores were secure, and some took photographs when they made a purchase and when the item arrived, to avoid unwanted products).

At the same time, one consumer from SA mentioned that he preferred delivery from a global firm, such as P3 and P7, but only after 5 pm, because he worked. He commented:

*Imagine you missed the shipment and found a card that it's placed in the warehouse which is far and complex ... choosing online and delivering to the home offers three important things: saving time and cost and it is forbidden for singles to enter markets in Saudi Arabia (C1).*

On the other hand, a consumer from the UAE had a different point about whether to buy online or in a store:

*If the item I need is available at the shop, I prefer to go to the shop, but price is different, as online it is cheaper. However, the problem is that the matter is the opposite here: how, from my experience in Korea, there are no video game shops, as everything is online, as opposed to the UAE, E20 provides the product available in the market with an increase, i.e. if the device is for AED 100 at the shop, you will get it for AED 120 on the website, can you imagine that?*

C10 had not only experienced this from the UAE, but also from different e-stores in the Gulf:

*In general, here in GCC countries, I am not talking about the UAE only, in E20 in general and GCC countries in general, items sold online are more expensive than items sold on the market (C10).*

The following response came from one e-store:

*I think online trading is still young in SA, which means there is still a difference between online customers and regular customers. No one has asked to buy and collect from a store yet. Our prices online and in the store are considered the same, except the first year we discounted 50 SR only off product (E3).*

Most pure players would prefer not to collect, although E1 and E13 had experience with click and collect during the high season of Ramadan (the annual month of fasting) and considered that most consumers preferred not to use click and collect:

*Delivery to homes – our past experience with e-stores is that we applied this service but it was not useful. We did this already last Ramadan, but customers did not prefer it (E1).*

E13 mentioned there was a lot of demand for collection, but they stayed with their strategy, as PPs just deliver. However, for MC players such as E12, E15 and E16, click and collect was preferable to delivering. Delivering to homes may fulfil consumers in e-grocery and non-grocery, for example one e-firm reported:

*Our consumers prefer us to deliver to them and they appreciate that and keep us focused on our process perfectly (E4).*

Whereas, another MC grocery firm declared:

*That's OK for us but under one condition - they have a large shipment (E15).*

Moreover, another e-firm stated:

*We deliver large products like fridges and washing machines, which we are expert at. For other products and other cities, small devices and so on, P7 is in charge of it all (E11).*

Delivering Preferred from our customers to be better than collecting from stores. The percentage of responses preferring collection from stores was 3% among all the customers asked. (E8)

Delivery to homes was not supported by the factors mentioned above, further reserve money from consumer until transferred to e-firms still unpreferred which will explain in details in COD theme later.

One firm explained the situation regarding bank transfers taking a long time and that the payment is reduced if the money collected by the LSP involves a lengthy procedure for COD.

One of the businesswomen had a view about dealing with collections, stating:

*We are entrepreneurs and women, our business began on a farm and our place is beside my house. There is no support for us for packaging. I can't let people come to our place to collect, no way (E14).*

Some products cannot be sold online due to certain criteria:

*Our products are portable, small sizes and have regular packaging. However, we have complex devices used in the marines or special navy for sea travel and so those devices can't be sold online. We just put information to collect it from the store (E7).*

LSPs had the opposite view, that customers prefer collection, so P7 followed a strategy to have a branch in almost every district:

*We spread to each district and most cities to be close and around customers and from our experience with the bank sector for which we deliver credit cards. We have found most customers prefer us to deliver to their homes after work after 5 pm and further to collect from our offices is considered the favourite option for our customers, as we almost have a branch in each district (P7).*

He also mentioned another factor that might affect e-fulfilment:

*Collection from offices is what comes from most customers, especially with women who have not written the full address (P7).*

Therefore, this firm followed a strategy to fulfil consumer support by P10, who wanted to expand their branches:

*We just opened four new offices, two in Riyadh and two in Jeddah and are intending to expand to open 30 offices over the Kingdom for three important reasons: We would like to be available to customers everywhere. To increase the percentage of shipments collected from our offices. To increase cash liquidity at our branches.*P10

Click and collect was considered an important strategy for LSPs, and one company responded that a study of tariffs led them to deal with collections:

*We made a study of payments and we found 80% of customers liked to deal with cash rather than anything and it is better for us, as SAMA takes a tariff charge from us which can be avoided by cash due to the volume covering the risk of COD. We do not deliver to work addresses, just homes (P2).*

Therefore, most LSPs supported the collect approach, apart from P6, which delivers to homes and fulfils their customers that way.

### **6.3.1.2 Delivering Globally**

In this sub-theme, local LSP firms dominated delivery within the Gulf market with fast trade between the UAE, SA and Kuwait. Some reasons emerged, such as cost and flexibility, and other factors, such as those of E19 from UAE, with a female owner who had freedom to drive and do everything but was faced with the same issues as all females from the GCCs, that LSPs do not cooperate, and she does not often negotiate with men. There were arguments with P1 which, although considered global, often involved delays and high prices:

*We used to deal with P1 but it had two disadvantages: first, it is too expensive, second delays, and we tried hard to find an alternative, especially with a firm that delivers fast to SA with a good price and good services with collection, and chose a local one, P11, which delivers to some countries among the GCC especially SA, as there is extreme demand and collect the product once call from my warehouse beside near my house which P1 didn't do that (E19).*

In this sub-theme, local e-firms targeted local customers, apart from e-firms in the UAE (E18, E19 and E20) who delivered to Qatar and all the GCC countries. In Oman, E22 had unique products and shipped regionally and globally. However, another e-store argued that operating in Gulf countries needed more effort and logistics support:

*Delivering to the Gulf needs huge investment of logistics and money. More warehouses for each country (E23).*

E24 in Kuwait and E25 in Bahrain shipped unique products to SA. However, most e-firms relied on global LSPs and tried to run a service using them. One e-firm argued:



*We are situated in Dammam [eastern SA] and we covered Bahrain and Oman based on orders and we opened stores in both countries. Further, next year, GCC countries will be covered by our trucks (E11).*

Another point of view concerned waiting for orders:

*We receive orders and we will handle that with our LSP P1 for that (E6).*

One e-grocery firm (E4) was prepared to deliver to the Gulf based on Saudi airline cargo, which can at least keep fruit in a suitable condition during the course of two hours, which is the shortest time for a shipment to cross SA. By contrast, as e-firms are prepared to deliver to the Gulf, one firm mentioned an important issue regarding price:

*For Gulf shipments of half a kilo, 90 SR will be costly. But not delivering (can send to the US cheaper than the Gulf) (P7).*

P7 also stated that they focus on the SA online market and deal regionally and globally, but give priority to B2B:

*We are focusing on the Saudi market for now and we have a target to cover 70% from local shipments run by us. We deliver to the Gulf but for B2B. Not for online (P7).*

### **6.3.1.3 LSPs operation**

In GCC countries, most e-firms import their products from abroad, which is why this research needs to study all the factors that might affect B2C fulfilment. Therefore, import and export of LSPs will be included during global and local purchasing sub-themes (6.3.1.4) (6.3.1.5), based on orders received in order to examine all the factors that might affect e-fulfilment and which might not, and bring all aspects of the whole picture of the operations together. Furthermore, one LSP responded that, for e-stores,

*We customized the operation, we customized solutions, but the problem with small firms is that they have a small volume of shipment. We provide 20% discount (two shipments monthly) on the 100-200 SR price of delivery (P3).*

They have warehouses and manage them, such as Hewlett Packard (HP), but have no small firms now. To perform this service costs more because of the low volume, and it is not profitable, so small e-firms are not targeted here, as LSPs require more volume. Choosing a LSP for importing or exporting is not an easy issue, at the top of various factors being having a global name, working under agents, and some e-firms raised the issue that they have been dealing with a LSP abroad for years and considered them to be amazing, until the shipment arrived and then they were very slow. One e-firm stated:

*We chose P7 from among other LSPs due to price and services. We had experienced before that P1 analyses customer claims about time and product conditions. On the other hand, we have had experience with most of the global LSPs inside Saudi Arabia. They are successful with service but very bad with other things. P1 is bad with online delivery services and good with delivering products to branches and vice versa with all LSPs, I don't know why. Furthermore, P2 was one of the options but they provided a high price with bad service and unprofessional staff that couldn't fully explain their services (E7).*

Other e-stores (E1 and E2) argued about more factors. For example:

*We have just finished meeting with P1 due to delivery problems and to solve the mistakes and delays in many deliveries. The problem is that LSPs in SA are a new service, sometimes you find this type of firm strong in the East while weak in the West. Therefore, we bear in mind to give each LSP a region to cover to fulfil our customers (E2).*

However, E2 found that some LSPs have different operations, and managers are separated from each other. For example, operations in the capital are different from those in eastern SA, but P7 provides a special delivery channel (SDC) and has a highly customizable programme. However, according to E2, price is still high with LSPs, and no discounts have been offered so far. They continued to experience the background of e-commerce in the Gulf:

*Frankly, no LSP builds a system for e-commerce, although SDC has been built for bank services. The LSP operation is different from region to region, which is an obstacle to development (E2).*

On the other hand, P8, the original company in the UAE, presented a suitable price for E18 after dealing with them for a while. This sort of strategy is confusing for consumers and companies over the GCC countries, as the price will change, and the service will be affected. By contrast, although global LSPs import to e-firms and consumers quickly, once items arrive at the GCC countries' hubs, the service keeps changing and delays happen. In addition, the operations of global LSPs change based on country. For example, P1 worked very quickly and launched an e-store programme, and the author received an invitation to the launch of the first LSP in the Gulf to open a line to e-stores. However, from the consumers' experience in the UAE, C10 argued that he dealt with this firm locally and globally and found the global service to be better.

#### **6.3.1.4 Regionally purchased**

Consumers from different cities, whether small or large, from over the GCC countries, such as Dubai and Alfujerah, Riyadh and Tabouk, Muscat and Salalah, had purchased online from both the Gulf area and globally, and had experience with e-firms and LSP

services. Moreover, a few consumers had not purchased from GCC countries, while the highest number had purchased globally. One account from Dubai explained the process by commenting on the delay:

*Yes, I have purchased from a jewellery shop in Dubai and the product arrived after three days of delay under the pretext that the delivery company is the one who was delayed in delivering the parcel and it was through P7 or P1, I am not sure (C3).*

Another finding was that one consumer explained his experience of receiving orders from SA from P1 and P7, but he had to pay an extra 25 SR for the COD service. Furthermore, P3 did not provide COD, but they were very fast locally and regionally, and provided the option to collect from a branch. This firm had changed its strategy to avoid factors such as the postal system and another important aspect: the culture barrier. Another customer had a different experience with global shipment and mentioned not answering a call from the LSP, fearing there might have been a risk that the shipment might be lost or missed, as no one cared in the warehouse:

*Once I ordered an urgent shipment and received a text and call but couldn't answer during work, then moved to the branch. The response had not arrived and after a while I went to the warehouse to search until I found it under the boxes, completely damaged. So the insurance was not worth the shipment, which was \$100 which is 375 SR and the recognized tariff for all LSPs. To return it now I would need to pay again, and I can't do that and need to contact the e-store (C1).*

C1 argued that E20 did not deliver to homes, only to workplaces, and made the following three points:

- *Receiving from the warehouse is one day faster than home delivery.*
- *If you paid by credit card, they deliver for free and some shops in GCC countries provide a return-back service for free.*
- *I have chosen this company from an e-store site as it is popular and recognized by me.*

By contrast, C2 argued that he had received a shipment in Jeddah (a big city) and Tabouk (a small city) to his front door easily. Thus, the difference in services was clear from consumers' experiences in different cities. In addition, few consumers declared that purchasing from a local e-firm had the advantage of COD and the option to collect rather than delivery, which they considered to be perfect.

### **6.3.1.5 Globally purchased**

Delivery inside each GCC country could take a maximum of five days, and this time period was provided by all LSPs and e-stores to avoid confusion among consumers.

Global processes were demanded from consumers throughout the GCC countries, taking a minimum of one month to a maximum of two months. However, one consumer from SA claimed that he did not have a PO box, and this was a major issue because e-firms would not recognize him until he had found a temporary solution abroad:

*Saudi Post did not give people a PO box at home. However, they began to open US PO boxes, as Amazon ships within America and ships to PO boxes and this PO box ships the same externally; however, people today do not need it, as Saudi Post gives now P.O box in USA (C6).*

Therefore, this kind of unsatisfactory situation provided consumers with the ability to open an address in another country for shipment and then be linked with a name and have an item shipped to the Gulf using the name of that person. Another consumer (C1) dealt with P7 and was satisfied with their service, which does something similar to one in the US (called MyUS). P9 claimed that they had launched a project like that, but had stopped due to a change in Customs regulations. Hence, both C7 and C8 from Oman were satisfied and fulfilled by P3 and P7. For example:

*My priority goes with this firm, I like the speed and quality from aboard (C7).*

As there was no issue with the postal systems in Bahrain and Kuwait and to some extent in the UAE, most consumers received their orders easily from LSPs to their homes, but there were sometimes delays. Furthermore, one consumer from SA had two experiences of receiving shipments from abroad:

*Yes, I have purchased through e-Bay and from the Thomas Clothes and Shoe Company and both are in the USA. However, they regretfully do not deliver their products to the KSA and you must lease a post office box in the USA for products to arrive to you and in turn they send the same to the KSA (C3).*

His other experience was that after he had subscribed to a paid service which assembled a box for him and supplied a unique PO box, he was very satisfied with the service. P2 provided a service that enabled consumers to buy products from different e-stores and then unpacked them to ship just one consignment to an address in the Gulf.

Ordering from P2 through this service was considered faster than local and regional orders by a regular service, whereas with extra, inner SA might be next day or within two days and even globally with extra 15\$. The issue comes with deliveries to workplaces or homes, as some consumers who dealt with LSPs could have items delivered at work. If no home address is given, customers have to collect, and some consumers faced the issue that LSPs cannot deliver to a workplace, only to homes. C6 asked many times for P2 staff to deliver to a workplace but they refused and left the item in the branch to collect, which was some

distance away. C1 asked a LSP to deliver a laptop to a home address but, when P7 refused, he gave an alternative work address.

Address not fixed to homes which assembled one need to pay annually tariff which C3 said “ *I have paid 90 SR to provide box in my house and link that with all global purchased*“

He described the following:

*In this process, I have used Saudi Post and the Saudi Post service in delivering products from a USA box to a KSA box. Fantastic, and I rate it by 9/10 and it was received at my home door (C3).*

Therefore, consumers from five countries can be divided into three when receiving shipments: ship and shop provided by P1, MyUS provided by P7, and Wesel provided by P2. Bahraini and Kuwaiti consumers preferred the first category, and UAE consumers preferred the second, with half of the SA consumers preferring the last. These three services were the most popular with consumers throughout the GCC countries, who talked about using it for their purchases and deliveries from different stores gathered in one place and shipped. All the customers were required to do was to have a default address that was recognized by a link with an address in a GCC country. Thus, this strategy had advantages and disadvantages. Delivery to GCCs might be chosen by LSPs, which was preferred by the majority of consumers. One consumer stated:

*Some websites give you one of the options; it tells you that it will deliver to a specific company; however, if it was cheap you should request a local company or request a certain amount. Some websites, if the amount exceeds \$100, it will ship via P3 (C2).*

This service helps consumers a lot when a shipment comes from abroad and has an overseas address; it is then dispatched to the consumer's address once the order is ready. On the other hand, this service received comments from one consumer that the flow of the process did not fulfil customers because of price:

*But, the problem is that they do not send the same one time, they send it in parts which leads to a high cost for me. Will give you an example; one time I purchased a screen protector for AED 80 and the shipping cost was AED 60 (C10).*

The category provided by P2 packed all the products on time for the same price, whereas P1 provided a price based on each single product and then shipped them, which was considered by consumers to be too expensive.

All the consumers' responses show that they could buy an item from abroad, choosing the LSPs based on vendors whom you trust, and who will deliver to you with the use of tracking and price paid or, if not, the shipment will arrive in the buyer's country. In SA and Kuwait, you could track whether it was handled by Saudi post or Kuwaiti post, but neither of them could track the item or tell you the expected delivery time. According to one consumer:

*It arrived in Saudi Arabia within seven days, and I can track the same online and when it arrived, I checked the site and found that it has arrived Riyadh. They called me the following day in the morning and they asked about my place. I informed them of my place and they came to me and gave me the things (C6).*

In Kuwait, C18 had a different experience. He ordered an item and followed the shipment until it arrived. He then kept calling Kuwaiti post for one week, and after eight days they responded and told him:

*It arrived two days ago and is ready for collection (C18).*

On the other hand, another consumer had dealt with different LSPs and recounted experiences with different products and the difference in operations in each LSP:

*Shop and ship differs from MyUS and it ships products but each product alone. I have shipped through P1 and each shipment was received alone without collection, and when I have revised them, they said that if it was in one day, we will transfer the amount to you, but if on different days, the shipments are correct. Due to my experience with different LSPs, I can remember experiencing shipping mobile phones through P1 and some of the mobile phones were found to be missing and as per my experience, companies are as follows: P2 - not secure, delay (C1).*

The above account was repeated by consumers in Kuwait, Oman and the Emirates, who reported that shipments might be lost or arrive incomplete, so they contacted the shipper, sending their invoice as proof. Consumer C18 from Kuwait commented:

*I have ordered from Amazon and eBay and the vendor provided me a choice of LSPs with prices, but sometimes the vendors didn't do that and the delivery will arrive in Kuwait then lost truck and the worst story begin.*

*One time, I received a valuable shipment through P2 and was told it was lost and I informed some people in the senior management to search for the product and the shipment was found.*

Shipment and Customs tariffs were considered major issues and are discussed under a separate theme, in particular, the tariff consumers still have to pay once an item has arrived, and which confuses buyers. For example, one consumer reported the following:

*One time I ordered perfume from America and the shipment was gone to P3 as I preferred P7 that does not transport the same and it was sent to King Fahd Airport and then Customs clearance. For P3, it went for 95 SR and for Customs 20 SR (P3 informs you that there is a clearing agent who takes 95 SR and when you told them that you have already deducted the amount from the shipment, they tell you this is the company's policy). That's why I do not like dealing with them, as they are not clear (C1).*

Deliveries to the home or workplace can still encounter barriers, although deliveries to workplaces are clearly faster than delivering to homes. One consumer commented:

*Shipping companies deliver to workplaces due to clarity of place and speed (C1).*

Finally, global purchases offered more processes whereby a delivery could be tracked, but having an item arrive on time was still critical, due to certain factors, except in Kuwait, where one consumer claimed:

*Orders with global LSPs are fast and clean, time is determined and quality followed, and payment solutions are easily done by a K-net card (C18).*

Furthermore, the five countries have different processes when receiving shipments globally, all involving certain barriers. Finally, one consumer reported:

*One time, they left the product at the door and left (C1).*

### **6.3.2 Fifth Theme: Large and Small Cities**

Shipments received in capital cities such as Riyadh or Abu Dhabi, or smaller cities such as Dubai or Tabouk are considered under this theme, under the three categories of respondents: e-firms, LSPs and consumers.

#### **6.3.2.1 Remote Areas Covered**

This sub-theme emerged from most of the e-firms and LSPs claiming that they delivered to remote areas, with some exceptions, such as villages and certain rural areas. Size of country might be considered either a barrier or a success factor. Therefore, based on a consideration of small and large cities, larger cities were a priority, because of the larger share of consumers and the greater volume of shipments. The 43 responses were categorized under three elements:

- Same-day delivery.
- Next-day delivery.
- From small to large.

The three categories gathered most of the results for the data, as some e-firms located in capital or large cities could deliver items on the same day or the next, and it was interesting that small firms targeted consumers in large cities as a priority. Data for same-day delivery to large or small cities could not be found, except for two firms (E1 and E13), which delivered to large cities for an extra charge. This study encompassed five countries, two of which are considered small (Bahrain and Kuwait) in comparison with SA and Oman, the UAE being in the middle. Capital, large and small cities were not easily categorized in small countries such as Bahrain and Kuwait, with populations of 2 million and an area of less than 8,000 km<sup>2</sup>. All the e-firms that responded could deliver inside these countries on the same day, due to their small size and accurate postal systems. The UAE, which is not considered to be a large country compared with SA or Oman, has an infrastructure that is fully supported in all aspects by the government, according to the data. For example, P8 provided a same-day delivery service, but stopped the project due to too great a demand from consumers and heavy operations. Another e-store placed in a small city could make deliveries on the same day but, when using a LSP, shipments would be delayed. According to one e-firm:

*We have ordered in two blokes far from our warehouse the P7 send them to operation office and return back next day (E14).*

In general, large cities received priority from e-firms and LSPs, although the operations of most of the LSPs were considered barriers and caused delays, such as when addresses changed, and regardless of the place, the shipment would be delayed by another day. In addition, when e-firms outsourced their operations, their standards were often not fulfilled, affecting almost all consumers. One consumer stated:

*In the UAE, the distance between two cities is easy and the infrastructure is good and delivery is available and I pay extra money for fast delivery (C11).*

However, C11 also reported that he sometimes worked in Dubai and Abu Dhabi for several days a week:

*I received a message that the shipment arrived in Dubai and I'm on the way to the capital, then received a call about the arranged delivery which told can you send to the capital or any branch there that the space not too far about 45 minutes to hour they delay the time to tomorrow (C11).*

Another interviewee from the north of the UAE (E18) argued that shipment to Qatar arrived the next day, and the same day inside the Emirates. Only two SA e-firms (E8 and E13) could deliver on the same day within the city, depending on order time and location, and for an extra charge. E4 provided groceries to the capital by plane for next-day delivery,



and to other large cities based on cargo direction, which suggests that demand led them to focus there, whereas E15 could not deliver outside Riyadh because their strategy for consumer fulfilment had failed, and so the company remained in Riyadh. Further, LSPs had fixed strategies for dealing inside and outside cities, and when they received an order early, this presented them with the opportunity to deliver quickly, as long as they had all the address details. When relationships with e-firms were good, local and global shipments could be made, but others did not go well. One e-firm stated:

*P7 delivers everywhere within 48 hours maximum, although Riyadh might be faster, but for all cities it is 24-48 hours maximum (E3).*

Most LSPs did not deal with groceries, particularly those products with a fast expiry date. From the findings, one e-firm argued that they targeted the capital from the most southerly point.

From the above, it can be seen that only one of nine local and global LSPs could provide this type of service from city to city. Another e-firm (E5) contacted P1 to deliver and provide all the services mentioned in the contract, but, unfortunately, they received feedback from one consumer near Madinah that P1 could not deliver there, although if necessary, they could go to a nearby city. The results that emerged regarding LSPs show that some firms focused on claims that they had delivered to up to 400 or so places, such as P1 and P7. P2 argued that it had cheap distribution throughout SA and could deliver from the capital office to Jizan for 25 SR. However, one LSP stated:

*We don't cover some cities in the north such as Skaka and Alqureat; we try to focus on large cities (P9).*

P9 had a strategy of focusing on large cities, to determine their profit, and they could focus on fulfilling customers in three cities, adding:

*We don't care about the e-firm or city, we really care about the volume of the shipment (P9).*

P7 is popular in the Gulf and has the largest number of offices, fulfilling Omani, Emirates and the majority of Saudi consumers:

*We deliver to 4,900 places over SA and next-day delivery for large cities. For the south, like the Farasan Islands near Jizan, this takes up to four days for cities in remote areas. For some villages, we charge by the kilo, the average will be from 250-600 SR – for the farthest places, the charge reaches 1,000 SR. We have 180 offices spread over SA (P7).*

P6 was the second most popular LSP in the Gulf:

*We provide services to e-stores through 200 cities and villages (P6).*

Finally, P10 stated:

*We have divided the Kingdom into zones, each zone has a time to deliver for small cities. Sure, there is delay due to less demand and because of the remote areas. However, we deliver to any place that Saudi post delivers to, we can reach 4,900 places over the Kingdom of SA. We have hubs in large cities and 20 sub-hubs for small cities (P10).*

Large cities took priority, due to the high level of demand, but it was interesting that e-firms in small cities such as Jizan or Ras Alkhema could deliver inside their cities quickly and to large cities the next day with limited resources and without relying on a LSP.

### **6.3.2.2 Warehouse Location**

In addition to the above, this research also considered results showing how LSPs were prepared to provide warehousing for e-stores, how e-firms dealt with their warehouse operation strategies for dispatching their shipments, and how this affected the e-fulfilment process. As this category considers purchasing methods, a sub-theme (warehouse location) emerged, showing the following findings. All 10 LSPs argued that they required a large amount of volume to provide all the models needed for customers, as small and medium enterprises (SMEs) do not themselves have sufficient volume. On the other hand, dealing and being ready to deal with e-stores required some actions to be taken, the first response being that they could not meet the demand for a large number of e-stores. However, one LSP argued that a group of e-firms used them:

*We are ready to deal with e-stores and most of them use our warehouse free of charge, by booking space in our warehouse based on purchases from abroad and then once they arrive they are distributed in one go in a couple of hours free of charge (P7).*

P7 further stated that they had many traders from abroad using their warehouse in the Gulf, and that everything was run systematically. However, some firms were not ready to deal with such e-stores. For example, one global LSP stated:

*E-stores are not the main target for us and we don't provide any warehousing to them (P9).*

P2, on the other hand, provided such services for all e-stores, even for individuals vendors with a basic platform but the organisation P2 claimed that the responds very weak duo to marketing shortage as he expressed. Firms like P2 have all the capability and the majority of consumers responding said the website and operation not very active some consumer preferred to open their site rather than follow come under some conditions.

Warehousing was considered an important part of e-fulfilment for consumers, as some e-firms had just one warehouse, and yet tried to cover the whole of SA or Oman. This could work efficiently in Kuwait and Bahrain, but not for the other three countries. E11 was considered the largest electronic multi-channel in the Gulf, delivering all its shipments from one warehouse to all its consumers throughout SA and Bahrain. E11 delivered the next day to Riyadh and Jeddah, SA's second city, in three days. They responded that this had been a mistake, as they now faced expansion due to a greater volume of online orders, and were trying to expand their warehousing in the near future. E16 found that the huge demand from the capital and long load times from hubs caused problems, and had decided to build other warehouses in Jabel Ali in the UAE, and in Jeddah, to reduce the lead time:

*After 9 months, one warehouse and store will be launched in the north of the capital (E16).*

Another LSP had also provided two new warehouses and satisfied consumers:

*We have two warehouses in Jeddah and Riyadh to fulfil customer services (E13).*

However, one of the LSPs (P7) had customized their system to work with cultural factors by providing an extra free service. One businesswoman reported:

*Frankly, when they know I am a woman and can't drive and don't even have a driver, they are flexible with me and come to my warehouse for packing and delivery to take it and deliver it (E14).*

However, she also commented on operations processes that caused delays in shipments:

*I am looking for faster service and a LSP collecting and packaging to our standard. Moreover, they send all shipments to Jeddah, even if the customer is in our city. All products must go to the operations offices to register, then be distributed from there, which takes more time than expected (E14).*

Furthermore, some findings identified barriers caused by outsourcing some activities, particularly clearance for LSP, which might be costly for some e-firms. According to one SA owner:

*I have to clear my product from cargo ourselves, our team, and imagine that as women in the hub then transfer them to the warehouse then. P1 does everything except packaging, we do it because the P1 price is too high to do that (E5).*

Dealing with groceries was considered difficult, particularly those with a fast expiry date. One firm that dealt with groceries responded that they followed a logistics system without warehousing, but would like to change this the following year:

*I am planning in the coming year to deliver our products by our own cars and create new warehouses in the three largest cities to distribute to the whole Kingdom because we have an issue now with storage. We can't save any products in an inventory and our delivery system relies on farm to shipment directly (E4).*

Another firm had experienced the following:

*As I said, five branches are responsible for preparing and distributing the products but a huge mistake happened that the product sold – from website but linked with store system (I mean the customer ordered bread online in branch four at the same time as a customer in the physical store took that bread. When the driver came to collect to go for delivery, the bread was finished and there was none left). At the time, we called the online customer and gave him the option to choose. Our customer was depressed when we stopped this service. Forty per cent of products are available online. For customer fulfilment, after the checkout, one email is sent that contains all the ordered products with delivery times in the daytime (E15).*

In Kuwait, E24 and E25 stated that they did not need a warehouse, as they delivered most shipments on the first day, whereas in Oman, E23 would like to expand to the Gulf but the cost of providing warehousing in a second country was considered too great. More operations had been undertaken in the cities of Jeddah and Tabouk, and they had found no difference in operations. From the consumers' responses, it might take more time than expected for small cities, but the difference was not great. An interesting finding was that some large cities, such as Dubai and Jeddah, had an advantage, as they were global hubs, most shipments arriving faster than to the capital, and nearby cities also receiving benefits. The results from the e-firms show that one of the firms (E2) wanted to change to having a warehouse from a LSP in Jeddah the following year, to enable faster distribution and delivery and fulfil consumer requirement. Finally, some LSPs, such as P10, delivered over remote areas, or what they called zones. One LSP stated:

*All domestic prices are the same but there are remote areas that have an extra charge of 70-80 SR, and to villages that are considered remote areas +12 (90 SR), and to Jeddah one day, Tabouk two days and a max. of three days (P3).*

### **6.3.3 Sixth Theme: Reverse Logistics**

Returns showed the highest percentage of responses, which described returns from five countries, locally and globally, followed by how order errors and conditions were addressed.

Return shipments are classified here under three categories: e-firms, LSPs and consumers. From the LSP point of view, most of these companies treated the returns process as a new

transaction, with a new cost. If we start within the GCC countries, one local logistics firm in the Gulf explained that trade to the UAE was very active, and that although they focused on that, they unfortunately had to stop returns from the UAE for the following reason:

*Yes, we send there without returns due to the traffic congestion of Customs and the long time, that affects us a lot (P5).*

However, they traded from the UAE and Oman and handled returns. One company in the UAE reported:

*We have orders from SA and we deliver a maximum of a week with flexibility of return (E18).*

P8 argued that they did not get involved with returns and made the vendor or firm carry the cost. Return shipments globally were considered difficult to some extent. According to one company:

*It depends on the return policy provided from the e-store. For example, one customer bought a mobile from the US for 800 SR but when he wanted to return it this cost him 900 SR, so he told us to destroy it (P7).*

In addition, P2, the LSP which featured most among the nine, stated that they could receive most products of different categories and prices, but did not yet provide a service for sending. The majority of the LSPs asked stated that they tried to stay away from dealing with returns, apart from P1, which dealt with COD. COD was used with most consumers for two main reasons: trust and so that the product could be examined before payment, to make sure that it was correct. However, e-firms were against this strategy and continued to argue that LSPs were not helpful with returns, and that most e-firms across the five countries would send another shipment if the consumer was not satisfied, to maintain a high level of loyalty and fulfilment, as can be seen in the following response:

*Inside Riyadh, they have 24 hours to call and return or exchange the product. For other cities, we return the shipment by the same LSP and will pay for that (E8).*

Some e-firms suffered the cost and follow ups with the consumers, as illustrated by this response:

*We faced major issues here, we have experience. One time the product was returned to us but the customer said I didn't receive any call and the LSP said they didn't pick up his phone, real confusion. Therefore, I tried hard to hire local drivers but they have a monopoly on all Riyadh deliveries alone, no one with them, which I refused. Hence, returning products is not included in our contract with the LSP, we do it with our staff to make sure the customer is*

*satisfied with our services. Furthermore, due to more cost to us, shipments take two months to return to us, which is too long (P5).*

Sometimes returns are lost by e-firms, particularly if they have outsourced the service, but they try to keep consumers fulfilled, especially if it involves a first-time buyer. One e-firm commented:

*We are looking to fulfil customer satisfaction. Our policy says customers can return a product for whatever reasons by calling us, then we send a P7 delivery staff (driver) to collect and exchange the product. Let's say most products take months to return to us, otherwise they are not returned to us (lost). Mostly, any unreturned product is considered lost (E3).*

However, some e-stores received shipments in less than one month, such as two weeks for E13 and 10 days for E1, using an open ticket to claim the shipment and contacting the LSP to come and collect it. Process of return happened with local driver have strategy to deliver and return for such days. If the return not received, will be disposal, which are the favoured choice for some e-firms to avoid cost (E10).

Some e-firms complained about the time limit on returns being in days, which did not fulfil their expectations. One e-firm stated:

*If something happens, the customer follows up with us. If the problem is with P7 or us, we send a P7 team to collect it and bring it back to us. However, P7 returns products within five days from customers, which is considered too long (E11).*

Returns occur due to such issues as consumers not being available, or the wrong addresses being given. However, some LSPs do not seem to behave professionally. According to one interviewee:

*Generally, we are good with all shipments, except for two shipments returned by customers. The first one was due to the customer not answering his phone, plus not collecting from the P7 branch, and we sent it back to him, but there is a point here. P7 claimed that the customer did not answer his phone but the customer's address was on the shipment, therefore, P7 had to deliver it to his house, whether he responded to his phone or not (E14).*

E-firms are suffering the effects of time and cost. In Bahrain, one firm (E27) was flexible, with a six-day returns policy, and another (E26) had a condition that returns were only possible for manufacturing errors or damage, and that customers should go to the store. In Kuwait, E24 clarified that orders were based on the consumer's requirements, and, if something needed to be returned, the company would keep it for re-sale or give it to charity, while E25 stated that consumers should follow up returns with the original e-store, as they were out of the process once an item had been delivered. In Oman, the

situation was similar to SA, in that shipments could be returned immediately after they had arrived. One of the P1 staff had an experience in SA and the UAE when he was delivering a shipment, but the consumer kept him until the products had been checked and tried, and in Dubai one woman asked for a shipment to be delivered urgently, then returned it without paying. Cultural issues will be assessed later, under the theme of cultural factors. Our findings reveal that UAE e-stores were flexible with regard to returns locally and globally, E21 responding that they tried to avoid returns and sent another item immediately as part of the loyal programme they offered.

At the same time, E17 from SA reported that they did not have a returns policy. From the grocery perspective, they were satisfied with returns, as they supported their strategy of fulfilling their consumers. Another company stated:

*We have a strategy for delivering a product and receiving the money as COD to give the customer the choice to exchange or return at the same time and take the money from the bill immediately (E15).*

On the other hand, returns and exchanges were very helpful for e-grocery firms, as some firms had a contract with a LSP that covered all damages, enabling consumers to follow up with them, and the e-firm responded based on the requirements coming from the consumers. One firm reported:

*This is called one-to-one exchange. This means that if you have a damaged product, we will send P9 to you to exchange it for free (E16).*

Sometimes, the different operations create confusion for e-stores and consumers. One consumer argued that the system was not designed for e-commerce and could not be considered an efficient logistics process:

*Lately, reverse logistics come from the LSP operation. When it can't deliver a shipment, we send the shipment to sell in departments in the Eastern Region, then the Sales Department sends it again to the Operations Department in the capital region. After that the Operations Department sends it to the Sales Department in the capital office then sends it back to us... that's why it takes a long time - they are designed for B2B, they are not designed for e-commerce services. However, P7 is more flexible in being customized but they are very costly (E2).*

Consumers gave large responses, of which five had not returned any shipment locally or globally, and C7 and C9 had returned a shipment globally by calling the LSP staff in charge of returns. Return shipments are not an easy operation across the GCC countries, either from an economic city such as Dubai, or a small city such as Alfujaiah. One

consumer responded that returns needed to be followed up with the LSP that delivered the shipment and with the e-firm, which took time:

*Yes, I have returned a local product which was a broken dictionary and the vendor shipped the same as per the policy of one of the e-stores (C10).*

For another product,

*I called the vendor and he said that the product was sent in good condition from his shop and P1 denied this and I was obliged to file a claim to this e-store website, in which case P1 sent their representative, who took the product and returned it (C10).*

However, this procedure took one month to receive the amount. The decision to approve or reject a complaint has to be conveyed to the buyer. Another response (C11) from the UAE was that local returns were considered easier than global ones, as for global returns you had to send an email. In the Emirates, for example, if something was wrong, there was a policy for the customer to go directly to the store. Hence, local delivery is better for returns, as the customer can approach the office directly, due to its proximity. However, in Kuwait, one consumer argued that if a shipment arrived damaged, there was a risk in telling the truth, because then you would lose both the money and the product, therefore:

*I have to say nothing was received in order to have my money back if a shipment arrived damaged, that happened with untrusted vendor (C18).*

Returns from Kuwait were considered the cheapest among the GCC countries, as all five countries had a postal organization run purely or partly by the government to deal with regular or normal post. Consumers from (C15) Kuwait were served with an express service and did not pay very much. They could return an item to the US for 8 KD (about GBP 13), although this service had clear and effective conditions.

However, there were benefits in dealing with premium Kuwaiti post, as it costs 6 DK to return an item within 10 days to the US, whereas P4 and other private LSPs charged 40 KD to do this. In SA, the responses indicated that for returns to be fast, consumers should go to the LSP office to have an item shipped back and then wait. One consumer commented:

*Yes, it wastes time coming and getting back. If something arrived with me within two weeks, it will take two weeks to be returned, then to order the other thing, it will take another two weeks, i.e. one month and a half or maybe two months to buy something (C6).*



Finally, returns shipments were supported by three important factors: price, policy and a flexible service. From the findings, one consumer expressed the reason for not returning items:

*I have not tried to return a product and if it happened, I will not spend time and effort by claiming and returning a product if the vendor was inside the SA, as protection of consumers is weak in SA and protects the vendor more than the customer (C3).*

This theme demonstrated the results of consumers commenting on the weak elements of returning items, and explained the process of local and global returns activities. This theme presents the findings regarding errors in shipments to consumers, and how e-firms and LSPs address these. Furthermore, the findings provide evidence that the majority of LSPs have shipment insurance, which will be discussed in detail in the next section. Surprisingly, in this theme, one LSP (P1) emerged among the different e-stores and consumers, confirming that P1 was not responsible for charges or mistakes. However, other LSPs made mistakes, such as delivering to the wrong address or the wrong person, without confirming which consumer had called the e-store to ask or clarify the situation. The e-firm then tried to make amends by calling the LSP and satisfying the consumer, which created more pressure for some e-firms but was not mentioned and did not emerge from the findings regarding any of the LSPs. One firm stated:

*Even P7 delivers products the wrong way (wrong delivery) not like P1 less much. We immediately call P7 to take a copy of the customer ID to make sure it's wrong and request P7 to solve it by giving him the right shipment (E7).*

E7 dealt with two LSPs to try to fulfil consumer requirements, but some issues still occurred. Some e-stores were reluctant to return money for two reasons: first, they did not have it, because the LSP takes it and transfers it after one month; second, they preferred to try and satisfy the consumer with an extra or new product, such as in the case of one popular LSP in the Gulf which dealt with biking equipment:

*When calling a LSP to return a product from a customer, they take one or two days, and some customers go to the LSP office and put it for return. Our strategy for return products is that customers can choose any product instead or use the money to buy something else. We don't return money (P6).*

In addition, some e-stores tried to send alternative shipments instead, whatever the reason, to avoid a long process with a LSP and keep the consumer loyal. These were E4, E14, E15, and E13, two of them dealing with groceries, for which E15 had a strategy to keep money and bills with the drivers at all times for exchanges during the day. One e-firm

further stated that in the case of error for any reason, replacements would be sent immediately:

*Frankly, we haven't faced any returned products, as we call the customer to choose a convenient time to deliver. Otherwise, we leave a text message or email and he/she will get back to us. Our policy states that if you are not satisfied, we will send you another package free ASAP (E4).*

On the other hand, LSP policy keeps changing, and some of these changes might cause problems for an e-store business. Interestingly, one e-store stated that they dealt with products that required the transport of glass and liquid, and they spent a long time finding a professional LSP to handle this. After a long contract negotiation, they started business and succeeded but, after one year, the LSP (P7) changed its strategy and refused to deal with the goods, without respecting the contract. According to the e-firm:

*We return money whether the error is from the LSP or us, due to P7 not taking any responsibility for shipments, as they told us liquids and glass are not covered any more. Nonetheless, we have to continue because no one else is available (E14).*

By contrast, there was some caution about dealing with LSPs in Oman. The responses demonstrated that firms were not sure about packaging and transfers although, according to E22, delivering to the office, supervising the packaging and completing the correct address kept items safe and shipments in good condition. In the UAE, e-stores offered more advantages to consumers, as can be seen in the following statement:

*We have an open policy to return shipments. We ask the customer to keep it and send another to keep him loyal and fulfil up to 200-300 ED and send a gift for waiting. Further, he has the option of a gift or refund or using the money for another purchase. In addition, we have reached a solution now with payment: when we started, when customers wanted to pay, they went to another page (blank page) to pay and proceed. This confused most customers and they were afraid of it. Therefore, one bank here, called Bank Almashriq, can integrate its system with us and customers can pay from our website. There are three days to hold a transferred amount in the bank, then we return it to the customer or we take it (E18).*

In this way, the customer is satisfied with the return and payment methods. This is similar to the strategy of one e-firm that dealt with women's clothes and shoes:

*We give the customer three options: 1. return the money, 2. keep the money for the next purchase as a credit, 3. send another product immediately without waiting for the returned products. In addition, we provide two LSP firms – P1 and P7 – to let customers choose. Most customers take P7 despite it's an expensive one by double the price. Therefore, we cancelled P1 and have a discount price from P7 due to the large volume that goes to them, that is better than before (E3).*

By contrast, confusion over choosing LSPs remains, and some LSPs have started to customize their process. The important factor is that some policies support some e-stores, such as E3, and others do not, as happened with E14. These strategies caused most e-firms and consumers to worry, and it was clear that some LSPs do not understand the market socially, whether online or not.

Finally, some firms found solutions, particularly with regard to consumers in small cities, and provided returns with supplier. According to one e-firm:

*They can return the product for exchange. They have seven days to call us after delivery, after that they can follow up with the supplier, not us. Whereas for small cities, there is advice for them with suppliers in each city. (Some cities have suppliers or work on their behalf and other cities don't) (E11).*

From the findings and this previous theme, it can be seen that LSPs tried to avoid processes that led to errors. However, this study focuses on e-fulfilment for three categories (e-firms, LSPs and consumers), and the findings demonstrate that shipment cannot be dispatched without any guarantee, as Figure 29 shows.

E-firms and consumers are in a battle of shipment insurance, according to the answer from LSP which came from e-stores who outsourced the activity (except for P2, P6 and P9). One interesting finding is that most e-firms throughout the Gulf who deal with LSPs have one united tariff: \$ 100 for each shipment. However, some e-stores declared that some shipments involve products that treble this price. For example, one e-store that traded in bike equipment (E6) mentioned that one helmet was the highest-priced product they had, and was quite delicate, but it came under the \$ 100 guarantee. An interesting finding was that seven e-firms denied having a guarantee for their shipment (E3, E5, E8, E9, E12, E14 and E19), the reason for which was unknown and would add to the cost. One e-firm in the UAE stated that \$ 4 would be added for each shipment, and E19 declared that they chose P8 based on quality and had tested them thoroughly. E14, as mentioned earlier, stated that P7 had informed them that liquids and glass were no longer covered. Furthermore, an e-firm in Kuwait had argued about the price:

*There is a guarantee but I didn't take it due to price (E25).*

In general, the majority of e-firms and consumers declared that LSPs were not cooperative with B2B or B2C customers, and they took them out of operation if something was damaged. One e-firm interviewee received a valuable shipment from China by plane, but

most of the shipment was damaged. When he reported this to the original supplier and P1, they both replied that the shipment had left in good condition. He then thought about the Customs authority and went to the hub before the shipment arrived. The customer asked him to open the lorry, although they could not touch anything without the receiver in attendance in order to follow policy procedure. However, the box was also damaged. He then asked the original supplier to take some pictures of the shipment and show them to the P1 logistics manager, who admitted the damage and provided him with a price discount. However, he then moved to using P3.

By contrast, (E6) stated:

*After some calculation, they took me charge which is free and not very clear about volumetric size, which with another, P3, the price declined and the service goes well.*

Furthermore,

*The guarantee includes the shipment, a (fixed) tariff of \$ 100, but most of the time the LSP denies any issues with products, which requires us to take pictures of products and shipments before delivery to protect our rights and give customers some trust and keep their loyalty.*

On the other hand, an e-firm that dealt with electronic devices tried to avoid the issue by making their supplier pay the charge:

*The guarantee is \$ 100 (as usual). Furthermore, the suppliers insure their products (E11).*

From the consumers' responses, most of them stated that there was an instruction about being insured for \$ 100, but for global purchases an extra payment was needed. Consumers were not going to pay both, as the processes would be expensive if something happened, and COD was not available.

In the UAE, P1 delivered one shipment to C10 which was damaged. C10 showed the delivery employee that it was broken, but they simply delivered it anyway:

*Yes, once I purchased from P20 and the device arrived broken and I don't think it was the fault of the P1 company but their employees acted as if they did not care about the goods upon delivery, and you cannot claim and when claiming you get no compensation, they only say sorry and the employee brings you the goods broken, ironically, with no compensation (C10).*

He received the order and then claimed from the e-store and LSP, with the result that another product was sent out two weeks later. However, one local LSP (P4) confirmed that a large global LSP had called him to give them a shipment to deliver and cover some

areas and operations, but he would not agree to it because the price did not meet the effort required locally and globally. Shipments that arrived damaged required a minimum of two days to process locally in GCC countries, from five to seven days regionally and up to one month globally. E6 stated that some consumers called about damaged goods and they informed P7, without realising that P7 would collect and exchange the item for another one, but the customer would have to wait two or three days. C2, C9 from SA and C11 from the UAE felt satisfied and fulfilled with the condition of their shipments, apart from this consumer.

Another interesting finding was that money took time to be returned to e-stores, taking at least one month, particularly for COD operations, because receiving money was considered to be one operation and sending it after auditing was another. Most e-firms were confused about which equity was being held and sent to the account, minus a percentage for transferring between accounts. P2 claimed that they could schedule this weekly as requested, and P4 responded that this was not an issue. One company that did not deal with COD responded:

*We took the money out from the beginning and if there is a return we deal with it as a new transaction (P9).*

P9 meant that this was conducted using a credit card.

#### **6.3.4 Summary**

Delivery was considered the favourite method by most consumers, locally and globally. Global delivery had the advantages of maintaining the quality and factors preferred by consumers, such as tracking and returns policies, whereas regional delivery also had advantages, if COD methods were not available globally. Cities were considered different, as they have hubs to quickly receive imported products, whether as firms or consumers. Unavailability of branches and office or collection points made fulfilment difficult, as shipments have to be delivered or received from main warehouse. In particular, females are not allowed to drive in small countries like Kuwait and Bahrain, which, however, have advantage of both methods, based on their small distances compared with SA and Oman. Relay by road can result in transportation delay lead times, while air cargo is costly and not always available, especially from small city firms. However, return consider globally impossible and not preferred form consumers which COD one main reason to trust the shipment.

## 6.4 Third Category: Cultural Effectiveness

### 6.4.1 Eighth Theme: Cultural Factors

Six sub-themes emerged in determining the main theme of cultural factors: the process for delivery to women, COD, language use, tracking shipments, not answering calls regarding arrangements and trust. Further similar questions frequently asked by consumers regarding logistics operations and delivery processes.

The main theme in the culture factor was delivering to females (27%), which was considered the largest of the themes. This was followed by COD (21.8%), then language (18%). Tracking, not answering the phone and trust followed, respectively.

The next sections will discuss the responses from these themes: delivering items to female consumers, COD, calls not being answered, language, trust, and the tracking of shipment delivery.

#### 6.4.1.1 Delivery to Female Customers

This theme is highly sensitive, and the researcher was very careful during this part of the research process. However, from the analysis, the response was large: 47 responses from a total of 53 interviews, which is the largest sub-theme to have been coded, and many items of information emerged. In general, the finding derived was that most purchases were made by women, and an interesting item from the analysis was that the views of six businesswomen were considered in this study: E2, E5, E9, E14, E19 and E24, from all the GCC countries, except for Oman and Bahrain. Most of the male and female consumers were from different cities, both large and small, with no issues about females receiving an order. However, to clarify the answers given, this did not necessarily mean that orders were received by them directly, but there were alternatives for receiving shipments, for instance via a driver, which most LSPs agreed to. The majority of the women who participated expressed that, particularly in small cities, they preferred orders to be received by their sons or their driver. This was particularly the case in SA, where women are not allowed to drive. The situation derived from the other four countries was that in Kuwait, for example, most shipments are received and checked by a driver or housewife; the other half responded that shipments for women were received by their sons or brothers, and a few by their husbands. By contrast, some consumers refused to have an item delivered to the house, as shown in this response:

*I do not like it to be received by my family, I prefer to coordinate with me and receive it from him (C6).*

This answer came from the capital of SA. There were also some interesting findings from Dammam, a large city in the east of the country, in which there were certain conditions:

*Yes, I prefer it to be received by someone else if I was not at home, but upon my request and after granting them approval after being contacted by the representative, in the company's uniform and using the company's car (C3).*

Moving to Oman, the situation and cultural traditions are not far from those in SA, where calling before arranging to deliver a shipment is considered an essential element of delivering a shipment safely. One consumer (C7) emphasized the need to call before making a delivery. Lastly, in Kuwait, one consumer reported that all shipments are:

*received by the driver, none of the family members (C18).*

Before we consider the views of e-firms and LSPs, three important factors should first be mentioned: technology, addresses and not answering calls. The first factor is examined in this section, along with its relation to this sub-theme; having an address and not answering calls will then be explained. These factors affect the ability to find houses and cause drivers to be suspicious of sharing locations by smart phone, or googling some female they do not know to find out the correct address.

The majority of e-firms understand the culture and are flexible in delivering to anyone at an address, particularly when they follow a COD policy. This can be seen in a response from the largest furniture company in the Gulf, which had experience in different countries:

*Many families have housekeepers or similar receiving the order. There is a difference between families, some of them are strict and others are liberal. I could say 50% are OK and 50% are not liberal (conservative) (E16).*

The interviewee was not from the Gulf and he explained the situation in the firm. In addition, E18 in UAE stepped forward to explain how they fulfilled consumers by hiring female staff to organize shipments to women:

*We call each customer before dispatch to confirm the order – our delivery team is female and they organize everything and hear from customers (E18).*

Calling before a dispatch was considered a priority for e-firms, and this particular firm managed this by employing women to call female customers. This was supported by another e-firm in UAE, who stated:

*We have both in our team, we understand tradition (E18).*

One large MC in Oman dealt with both Omanis and non-Omanis and commented:

*With Omanis, yes, we deal with men, even if the purchase is by women, whereas with non-Omanis, everything has been alright so far (E23).*

From this interview data analysis, Omani customers are more complex than non-Omanis when it comes to understanding shipments, and being on time with deliveries. More information is given about this in the next sub-themes. In addition, our finding revealed what a study by one e-firm illustrated:

*No, 70% of our deliveries are received by brothers, husbands and housekeepers, whereas the other 30% are received by the women themselves (E3).*

E-grocery firms had the view that they were dealing normally with and delivering most products to female customers (such as E4 and E15). E8 mentioned trust as being at the core of trade. Once trust is established, the process goes smoothly:

*There is a policy that declares that it is absolutely prohibited to deliver to houses unless the address is very clear. In most cases, women receive the shipment but in some cases some women refuse the delivery while the husband is away. Additionally, most women provide their brother's and husband's mobile numbers. They look for safety the first time. When there is trust, the women themselves continue with us directly (E8).*

On the other hand, LSPs had a different view of operations. From the analysis, this point of view was based on the first response. One manager stated:

*Yes, we once had a woman order without her husband knowing. When the delivery staff went to their house, the neighbour was suspicious of him, and he explained he was from P1 but they did not believe him and hit him, so that he had to stay 12 days in hospital. You know, culture plays an important role in shipment and delivery. Another story, is that once a woman did not have enough money to pay for the shipment and went with her son with our driver to the nearest ATM to take cash and return with them. Further, in another story one consumer welcomed our driver and locked him inside the room until he had checked the package was alright, then released him. Stories all over the Gulf are similar, even happening in Dubai (P1 Logistics Manager).*

However, in general, everything went more smoothly in large cities, although the three stories referred to above happened in a large city. In addition, P10 stated:

*This is considered one of the challenges that we face in this country but we call customers to organize everything before dispatch to make sure that they are available in that place or at work.*

*We deliver at work, most customers prefer that.*

*We don't deliver after 5 pm.*

*We call the customer three times and SMS. If there is no response, we call the e-store to see they have followed the contract agreement.*



*The feedback from the customers is that they prefer a local driver (P10).*

P10 was very cautious and viewed managing perceptions of risk as a priority by mentioning calling after five and the importance of delivering items to workplaces. This strategy was followed by the largest and most well-known LSP in the world, which stated:

*Yes, P3 all over the world delivers to homes except here, with regard to the culture factor and addresses not being clear (P3).*

Furthermore, P4 had another issue under this sub-theme:

*The problem is that women can't show or declare their address well. We really suffer with finding addresses, especially with the bad postal system. We don't face any problem when they receive an order normally and pay the money (P4).*

Furthermore, from the findings, some e-stores tried hard to fulfil consumers, whether they handled a delivery service themselves or outsourced it, which frequently took twice the amount of time and effort. One PP that dealt with various female products such as make-up stated:

*Three emails have to be sent to the customer for confirmation and delivering. When P7 calls a customer and there is no reply, they call our operations team to follow up with them again and again (E9).*

P2 had no issue with this and reported that all operations were considered to run well. One e-firm confirmed this:

*No, people have changed. Our team with our cars do not face any issues. However, in a strange city, no way because of their commitment (P5).*

This city is close to the capital and a regional logistics firm ran the operation for a while, but then stopped the project and closed the branch:

*We opened a branch before delivering to understand the culture then provided a service (P5).*

P6 and P9 supported the suggestion that people had changed, and it did not matter whether they were male or female. Even for important documents such as visa cards, someone could bring ID on a woman's behalf and then sign for a shipment:

*I don't think so, but if the document needs a signature she might send her ID on her behalf with a relative to sign and receive (P7).*

Language and websites (delivery information) were considered to be two important factors. From the findings, consumers in general had two perspectives: a global site that was not in their language, but offered clear steps and shipment information, and time periods and following up with a confirmation. One respondent stated that if a global site

had an interface and the site was organized, the consumer would use it to order from abroad. However, the local and regional language is Arabic, and the information regarding shipment times and the size of products was not genuine most of the time and was considered too complex. Language was not considered an issue for most consumers, however, whether local or global, although most consumers asked why they still received emails and text messages from local e-firms and LSPs in English, and why global LSPs expected the majority of multi-channel consumers to receive calls in English.

Moreover, a problem emerged regarding whether any return consumers in Dubai had told their relatives they had purchased something but would like to return it due to a manufacturing error, and then struggled with an e-firm abroad until someone came and finished the process. The situation was repeated in each country. For example, in Kuwait, one consumer stated that he had received the wrong shipment and would like to return it by writing an email in English, which he didn't speak, then asked C18 to solve the issue. Large websites, such as Amazon.com or eBay are not available in the Middle East and do not support the Arabic language. Another point of view came from five consumers who declared that they were comfortable with the process until they reached the payment gateway and then "*terrible things*" started to happen. This finding revealed an interesting aspect, in that most banks are assigned the English language, which is what global LSPs follow, apart from P1 staff, who hired Arabic speakers who can understand the language. Hence, languages other than Arabic are still a problem, as well as payment, especially for international shipments and orders. Some e-firms argued that some consumers may have a technology issue, or at least need to check out the website process form until they receive shipments, and that some had not read the returns policy either:

*We provide Arabic on our website but still such customers face obstacles, as 30% have found it difficult and are not clear about how to deal with it (E4).*

A clear website with an unambiguous process form leads to a successful experience. One e-firm stated that some users had not completed the process, and they recognized that some matters may have been unclear. One commented:

*I think yes. Payment by visa card appears clearly. However, there are some users who come to buy and move on to the purchase step, then don't complete the purchase process. It might be that they don't know (our system shows that) (CEO of E7).*

In addition, E8 and E9 supported the statement that consumers would finish the process then keep calling about shipment arrival times, which are already provided on their website:

*Customers don't know how to use websites. For the delivery section, it appears that delivery is from three to five days (E8).*

Another finding was that some local e-firms tried to offer more help, ensuring that consumers completed the necessary information by simplifying the website and delivery process. One e-firm commented:

*The customers just need to fill in the information and we will carry out the rest of the process. It's simple and easy (E5).*

E14 argued that most buyers were female and could understand the technology:

*We graduated from an IT department and designed our website to be easy (payment, delivery times and so on). Further, there are four emails when the customer has checked out. The first email shows the details of your purchase and payment method, the second one confirms payment, the third one is the tracking number, ending with a follow-up survey once delivered (E14).*

Most consumers had changed, and ordering online was considered easy, As one e-firm that dealt with food and non-food confirmed, young people now completed everything by smartphone. For example,

*Of course, yesterday a boy, 12 years old bought from us – yes, the customer received an email showing the maximum time, not a precise time to be delivered (E13).*

Interestingly, the issue of trust emerged only from consumers and was the most frequently asked question directed towards e-firms. Trust was considered an important factor, and can thus be regarded as a sub-theme. Consumers had doubts regarding websites and the size of the products, together with the time of delivery, and whether COD was available and payment was for the correct account. In SA, there is no law regarding the online market. As mentioned earlier, a physical store needs a licence, which takes quite a long time to obtain, and is considered a cost or loss for e-firms, whereas a store that is classed as online can be run from one warehouse or one room quite cheaply. On the other hand, the most frequently asked question received by e-firms revolved around two factors: how long a shipment would take to arrive, and could the customer pay by COD. There were a few questions about collections and packaging. Tracking systems emerged as one factor that needed to be declared as not being obvious for most local e-firms, and, when shipments arrived in a country and were handled by government post, the confusion began for most consumers. Most consumers preferred to be able to track their shipment, and some LSPs provided this as an extra service (P3), although the tracking was not very accurate. For example, tracking could show that an item was in a branch but, when the customer went to collect it, the item had still not arrived. However, global shipments were

somewhat better than local services, according to consumers' responses. On the other hand, some e-stores argued that one large e-store had tried four LSPs to fulfil consumers and answer their demands. One firm stated:

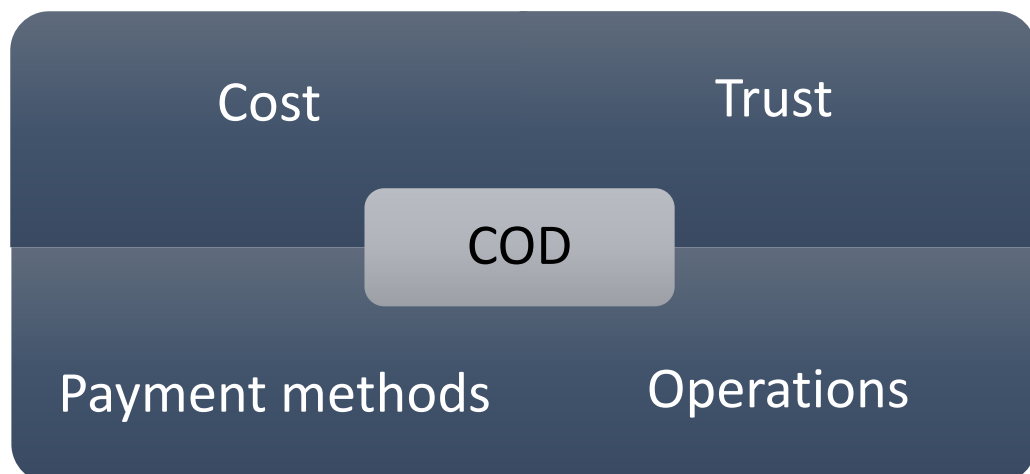
*We chose LSPs by looking at price and services due to outsourcing all services. The best one is P7, as they are flexible with customers. P1 is good with B2B but not with customers. CELEX is not consistent or organized. P10 we started from last month (E1).*

Although most e-firms provided tracking for shipments, some LSPs had still not developed a tracking system that could be integrated with shipment movements in real time.

#### **6.4.1.2 Cash on Delivery (COD)**

This sub-theme received more responses than each of the other categories. From a total of 16 consumers, 10 responded, as well as seven of the 10 LSPs, and 19 from the total number of 27 e-firms. These generated findings that are in the list of the five most important factors: cost, trust, payment methods and differentiation, and operations within countries or cities. The five previous factors demonstrated in Figure (20) reflect the point of view of most of the e-firms' strategies in dealing with with LSP and consumer desires.

**Figure 20: Cash on delivery (COD) - main factors affected**



The five factors will be considered in each category. From the findings, LSPs were considered the decision-makers if they outsourced the activity, and in GCCs, 10 LSPs had different operations, while P9, P7 did not provide COD, applying this to all e-firms. Some flexibility was found in P7, who could provide it for large firms only, with the guarantee of money transactions to follow. Interestingly, P3 changed his strategy in SA to not delivering to homes, and, at the same time, not dealing with such cultural factors as COD. Some LSPs would have liked to provide COD, but they recognized the need to guarantee safety of the drivers when carrying money. For example:

*COD is a nice solution that can save shipment cost but we are thinking of other solutions, to be paid by machine to avoid the risk of drivers carrying money (P10).*

This decision was supported by a local logistics company:

*We haven't faced any problems with returns but when transactions are COD the problems come (P10).*

However, one study revealed that COD was considered an appropriate payment method for consumers. According to one manager:

*We made a study of payment and we found 80% of customers liked to deal with cash rather than anything and it is better for us, as SAMA takes a tariff charge from us, which can be avoided by cash due to the volume covering the risk of COD (P2 Operations Manager).*

On the other hand, one finding that emerged was classified by the e-firms into three elements: COD, bank transfers and payment by authorized software (such as e-wallet and K-net). There were 14 e-firms that provided COD in their operations (E1,E2, E3, E5, E8, E11, E12,E13, E15, E18, E19, E21, E20 and E26) in order to respond to the demands of consumers and try to fulfil them. According to one firm:

*COD is preferred by most customers, especially for users who have no bank account or those who have no visa (E18).*

There are a number of other reasons for providing this service, as mentioned by previous firms, particularly when customers do not have debit cards, and because visa cards that pay interest are prohibited under Islamic law. It emerged from the findings that e-grocery firms preferred this service to give consumers and delivery drivers more options and the flexibility of exchanges or returns. For example:

*The only option available to us, and we are satisfied with dealing with customers without mistakes on bills and the groceries are different, one product has many brands and customer orders are different for them...However, do you know we provided payment by card and most*

*customers preferred cash ...our percentage from physical stores shows that 60% of customers preferred paying by cash, even when another solution was available (E15).*

Therefore, this method was preferred and gave consumers an advantage if provided by e-stores. However, some findings emerged that e-firms had outsourced all operations and followed their rules of acceptance or not of COD, Some e-firms had assigned two logistics strategies: one for inside and another for outside cities, such as E3 in SA, which handled outbound operations inside Jeddah and left everything else to P7, which did not deal with COD:

*Absolutely easy, one page. If you're in Riyadh, the system guides you to the option for COD, other cities will show P7 and compulsory payment or transfer to our account to complete the process. About delivery times, we provide from one to three days in Riyadh, three to five in other cities (E3).*

On the other hand, seven e-firms did not apply COD as a payment method, and justified this by using LSP strategies, and due to the high risk, because it was considered costly for them. For example,

*We don't deal with COD ever, due to the high risk and cost (E7).*

Another firm added:

*Yes, we have two payment methods. COD is especially for Riyadh, in other cities bank transfer, but customers still do not trust transferring money (E8).*

Transfer payment (TS) was trusted by some customers and consumers, but the issue raised problems over trust, as there is no regulation of online services in Oman and SA. Names displayed after a transfer that are different from the name of the e-store or staff connected with it, or simply an unknown name might be an issue, leading some consumers who can pay an extra cost (usually 10 to 30 SR) to be sure of operations.

In the same time, collecting from e-stores was not as popular as click and collect, as shown earlier in this chapter, whether by PP or MC companies. One firm provided the option to collect and pay after buying from a multi-channel e-store:

*The product will be reserved three days in store to collect and pay cash at the store. If a customer has paid online, the product will be reserved for seven days only (E11).*

Few firms in three countries among the five did not provide COD. Moreover, E1, E3, E6 and E8 could deliver, particularly if the consumer was inside the capital or the same city with an urgent need for delivery. Some e-firms fully outsourced their operations (E6). The situation within Bahrain can be seen as a finding that emerged from E26, and

collection with payment in store for E27. In Kuwait, there is an alternative system linked with a bank (called K-net) that is very popular and easy to use, and is free of charge, with the invoice received once an item is delivered. UAE e-firms all dealt with COD, and from the findings they stated that it is preferred by most consumers, but they offered the option of transfer to various consumers. However, bank transfers were not the preference of most e-firms. According to one firm:

*We accept bank transfers. A bank transfer is a big headache due to most customers being unknown or the name is different. Therefore, we opened an account with Almashriq Bank so that customers can pay the firm directly. The problem with bank transfers is unknown names and not being able to link with orders (really confusing) (E18).*

Therefore, bank windows and other options are sometimes considered as barriers. However, E19 and E21 reported being satisfied with their operations, while E20 had another solution (called e-wallet) that gave consumers the freedom to apply for an account in the E20 database with money or even transfers from their original bank account. Unfortunately, only three banks can do this, rather than all of them.

Most questions from e-firms and LSPs concerned “Can I pay by COD?” “Do you provide COD?” “How long does shipment take?” and “When is the shipment expected to arrive?” Most e-firms (27) and the LSP who provided COD found COD to be preferred by most consumers.

From finding COD is still preferred, in particular by consumers from SA and the UAE, it was not so much of an issue for consumers in Bahrain, Kuwait and Oman. Consumers here were dealing with two payment methods: credit card and K-net. Delivering to female customers was one of the main research questions, as cultural factors had an influence on this. The next sub-theme is based on responses and findings from the three categories across the five countries considered to be part of this section, particularly responses from male and female consumers from different cities in the GCC countries.

#### **6.4.1.3 Language**

From the results, there were different views among the participants regarding language in the five countries considered in the study. Language can be illustrated according to conversation, delivery software and website information. In Oman, Bahrain and the UAE, it was considered normal to deal in, to have conversations and to handle returns in English. In large cities such as Dubai and the capitals, the use of English was considered normal and could be used when dealing with delivery staff. Moreover, in Kuwait and Bahrain,

the well-organized address systems helped a lot of firms and most LSPs to deliver items, even if the conversation was not clear, or consumers did not respond to telephone calls. On the other hand, in large countries and cities, such as Oman (Salalah) and Riyadh (SA), there were cases of delivery staff needing to identify the correct address for a delivery. In addition, it was harder for most women in SA to determine locations precisely, as they are not allowed to drive and, in most cases, having them give directions was not effective.

In addition, unknown telephone numbers were not answered, and firms, LSPs and consumers agreed that calls from people they did not know (or unrecognized numbers) were rarely answered. Technology was not considered a helpful tool here, as it was neither popular, nor particularly accurate, especially if a delivery was intended for an apartment.

Most global LSPs used English when texting, sending confirmations, or completing forms for deliveries. LSPs had staff from various countries who spoke English and could deal with native Arabic citizens. One firm was owned and organized by businesswomen who had graduated in IT and who explained that the process on the website had to be followed by the carrier who made the deliveries, in order not to confuse consumers. This company reported:

*We graduated from an IT department and designed our website to be easy (payment, delivery times and so on). Further, there are four emails when the customer has checked out. The first email shows the details of your purchase and payment method, the second one confirms payment, the third one is the tracking number, ending with a follow-up survey once delivered (E14).*

However, email confirmation was often transmitted in English, as well as the bank window passcodes, and, from the consumers' point of view, this was not the preferred experience. Moreover, this firm was outsourced by P7, and continued to text in English and place shipments in the warehouse and office, which caused consumers to follow up with firms to accelerate delivery by calling P7 to deliver in 48 hours in the same way as grocery.

As is known, most computer software is designed in English, and most LSPs cannot translate the system with regards to their delivery confirmation, consumer notifications also being in English. The results from the majority of firms showed a need for integration with the system to make the delivery process easy. They found it hard to integrate further language when the system was still in English and their website was in Arabic. Firms have addressed this issue by studying the way consumers move through websites when



they buy online. They found that most consumers reached the purchase payment page and then left, as the payment was indicated in English and the process was not completed:

*Payment by visa card appears clearly. However, there are some users who come to buy and move on to the purchase step, then don't complete the purchase process (our system shows that) (E7).*

One firm reported:

*We provide Arabic on our website but still such customers face obstacles, as 30% have found it difficult and are not clear about how to deal with it (E4).*

From the results, there are gaps between e-firms, LSPs and consumers in the use of language, or when training staff to address the issue of the language used on the website, or during contact. This can lead to the risk of mistrust by consumers and extent the misunderstanding of operations between firms and providers of services.

In the UAE, however, one e-firm has created a model that follows up with consumers by contacting them, whether the operation has been insourced or outsourced. The follow-up is undertaken by male or female staff, as the consumer prefers. However, returns can be complex if the issue of language is not clear. Global shipments normally involve English and consumers can buy and pay, the issue occurred when return happened to explain the return process and payment as few cases emerged at global shipment that might affect ECF.

#### **6.4.1.4 Not Answering Calls**

The findings for this sub-theme show that consumers were either not at home or did not answer calls for different reasons: caution regarding unknown telephone numbers, changing their number, or using a relative's mobile.

These factors caused confusion for e-firms and LSPs when they were trying to deliver shipments, particularly if orders were COD or the address was not clear. In Oman, one e-firm stated that he had travelled a long distance from Muscat to Sahara, but the consumer did not respond for one hour to receive the order:

*I couldn't find the customers at home and waited for them until they came (E23).*

However, another e-firm had another point of view:

*90% done – 10% they call but customers do not respond...the customer is called back. If they don't respond, the conclusion is that the shipment is lost (E2).*

Therefore, E1 thought that one solution was to keep shipments with the driver for three days to deliver if the consumers returned the call. In the Emirates, the situation was similar, with customers not answering numbers with which they were not familiar:

*Customers not responding, especially with COD. We call customers if they don't respond and send an SMS, especially for people who won't answer a strange number. Then we send an SMS with details and a phone number to reassure customers, especially women who won't answer different numbers (E18).*

Some firms had observed this and tried to understand why the situation was like this:

*There is a problem with customers here, which might be cultural habits, or where customers do not answer the phone (E16).*

Consumers argued from the other side, stating that a call made during working hours could not be taken in many cases, some consumers reporting that if they did not answer, they would find the item they had ordered in the branch office or warehouse. Whereas, in Kuwait, they knew that after 5 pm items would be in the branch office and there was no issue, because it is a small country. In Bahrain, the situation was similar, except for one consumer (C17) who argued that they had called and then found the shipment in front of the department. In most cases, an arrangement is made for another day, and some firms make an extra charge for this. From the findings, work addresses are acceptable, and C1, for example, preferred to put that address on orders to avoid delays or calls.

#### **6.4.1.5 Trust**

The results indicate that trust appears in different aspects. Trust was involved in different themes, but emerged as one of the major cultural concerns of consumers, in the form of trust in the firm (legitimate online firms), trust in product size, and trust in a precise time of delivery.

In the five countries considered, only the UAE had laws for licensing e-stores and could give a judgement if conflicts occurred. This was a main reason for concern by consumers when dealing online, or wanting to return an item. In addition, results emerged from the UAE of claims for items lost between firms and LSPs, and of goods being damaged or arriving in bad condition.

COD was the first sub-theme relating to trust, and was one of the strongest elements leading consumers to use COD, to be assured of receiving what they wanted. The payment systems were effective in Kuwait and the UAE, in which fulfilment was considered to be

higher than in the other three countries. Interestingly, global shipments were trusted more than local ones, even with long shipment times for delivery, or if there were language barriers, but the systems were still better, due to shipment condition, size of shipment and the time of delivery being supported by a tracking system.

Globally, trust can be shown in most consumers wanting to know the process from receipt to returns, which local websites and LSPs did not provide. The majority of consumers asked for the quality of global processes to be replicated. E-commerce in the Middle East is a \$7 billion market. GCC countries have a large share of this market but there is still only one country that has laws regarding e-commerce. Further, consumers deal with e-stores that are not authorized, and shipments are not recognized as having specific times, which is reflected in some mistrust. Along the same lines, LSPs excluded themselves from operations and considered each step a new operation. These sorts of action confused most consumers. Hence, firms need to be in the position of understanding services rather than placing themselves within the current process.

One firm's representative stated: "*we have spent one year testing the market to apply a logistics model*" (E8). One medium firm had conducted an in-depth study so that logistics delivery could be made easier and EC more effective.

Delivery staff wearing a uniform and delivering after 5 pm were minor concerns in ECF. In Oman, LSPs were considered to be efficient, and consumers were fulfilled by the services provided. In Kuwait and Bahrain, trust was much higher, as click and collect was easy to understand and nearby, and delivery items could be exchanged quickly with credit card payments or the K-net banking service. However, global brand names found that most consumers preferred global shipments, as there was increased trust if consumers were already members.

#### **6.4.1.6 Tracking shipments**

In tracking, each side reflected a different point of view, LSPs reporting that tracking was available upon requested. On the other hand, not all LSPs provided tracking locally.

Firms received claims from consumers about shipments not arriving, when the tracking showed that they had. Global shipments often lost tracking once goods arrived at Customs, and consumers indicated that shipments converted to local carriers were often lost or damaged. Most of the interviewees explained that shipments arrived, but were reported as being late by consumers. Thus, providing tracking was considered one of the priorities

for consumers, some of whom reported that some LSPs asked for an extra charge for tracking. However, paying extra for tracking was not acceptable to most consumers, as a few of them declared that the tracking was not accurate, which was costly without the benefit of a return.

One consumer ordered globally from Kuwait and could keep track of items until they arrived at Customs. which tracking not accurate as calle to custom and the carrier confirmed not arrived then after days call back received as shipment arrived. Choosing a carrier for shipments was a preferred method if tracking was available and the quality could be ensured.

Tracking shipments played an important role in the operations of e-firms, as E10 reported:

*We have changed from P1 to P4 for tracking was not accurate and put us in critical situations of explaining when consumers asked for shipments that had not arrived while in the system they had arrived (E19).*

In addition, delivery at precise times was still a major concern where there were no alternatives for delivery. On the other hand. most firms are different from consumers, as they have tracking available, while consumers found tracking to be imprecise.

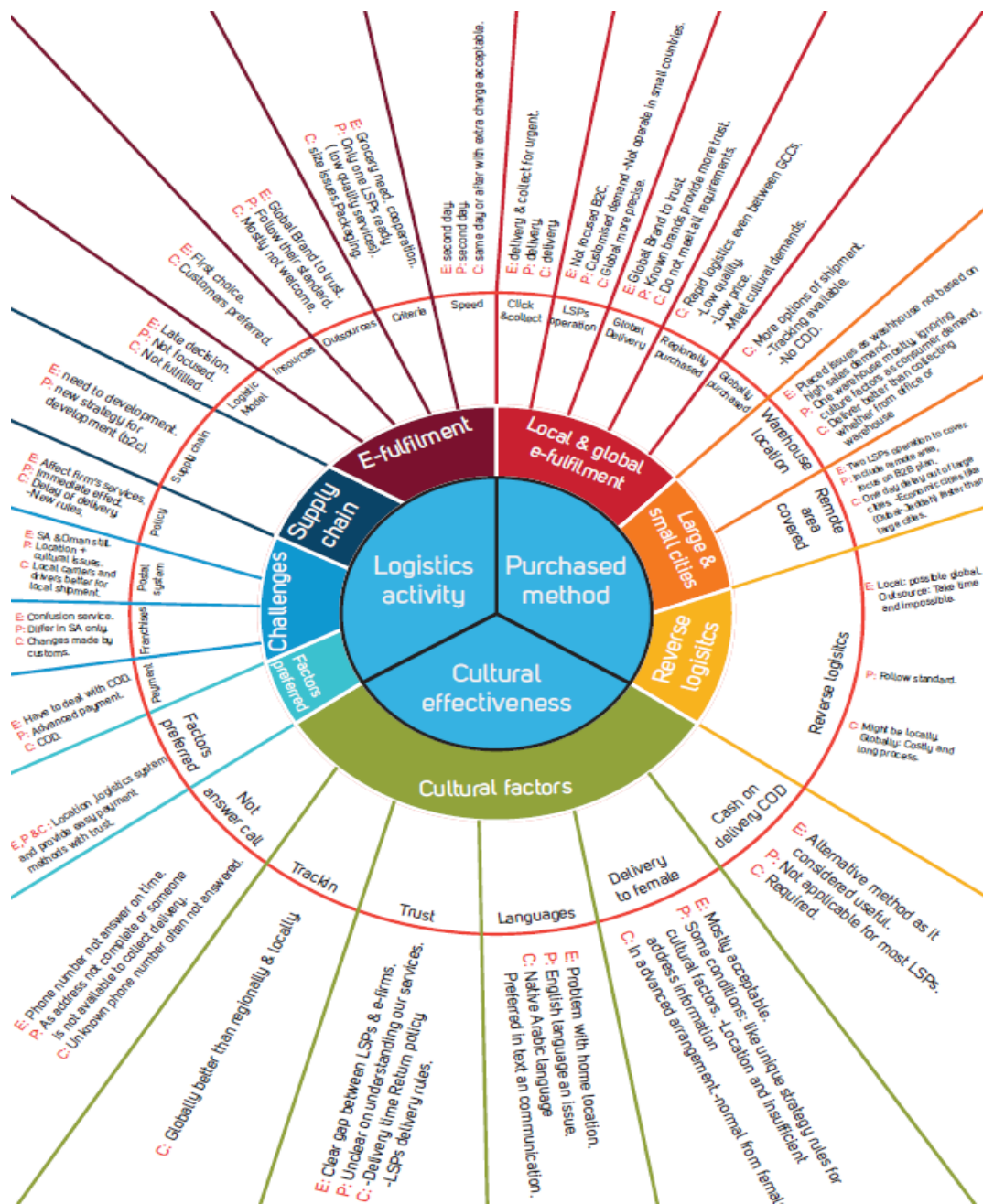
## **6.5 Summary**

The last main theme of cultural of ECF have illustrate the six sub- themes , which explain the delivery of female consider generally normal and pre-arranged need to be there. In addition, COD consider the favourite payment method based on such reasons as easy of payment, cover of mistrust issues and provide more flexibility on return. Language consider an issue when communications and return. Finally, tracking still confusion the consumers of not precise with shipment and firms not provided. LSPs not have clear rules of tracking locally and globally.

## Overall results

This part summarizes the key findings based on category, each one representing the three research objectives. Figure (21) shows the current results based on the categories and details of the findings. The model shows the three categories. Each category includes the main themes, then each main theme is classified into sub-themes. The last section illustrates each category of the points of view of e-firms (E), LSPs (P) and consumers (C). More details were presented in the previous chapter and brief results are given in this part.

Figure 21 Overall result including categories, main themes and subthemes in E-firm, LSPs and consumers



## **(A) Logistics activity.**

From the interview results, four main themes emerged: effectiveness and efficiency of e-fulfilment, supply chain development, challenges, and factors preferred.

### **A- Logistic model**

#### **e-stores**

- A logistics model was not considered a priority from the beginning for most e-firms, which led to either failure or higher costs, as illustrated in Section 6.2.1.1.
- Successful experience found that using new processes such as immediate dispatch and combined insource and outsources from local drivers to air cargo, eventually determined consumers' location without return only reward another shipment .

#### **LSPs**

- Most LSPs had ready customised models as required, which are not the focus for e-store activity as they are not the target and are not profitable.
- Customised models are considered risky and costly, as the different experiences among LSPs are still considered an issue for e-stores.
- Some LSPs in the region have considered new plans of supply chain development, as one launched a new line for B2C and another mentioned the desire to follow suit.

### **B- Scheduling services**

Scheduled delivery services were twofold: insourced, with direct delivery and a window of time from one to three days; second, outsourced, and following LSPs' schedule, in general, locally from one to three days, and regionally from five to seven days. However, consumers did not like this period of time and they desired a more specific time. In addition, local logistics firms in the UAE provided more services, from collection to delivery, which were not available in SA logistics firms. The global LSPs still targeted B2B and services provided based on that. Consumers were seeking a fast delivery service, particularly for local services, as detailed in Section 6.2.1.2. Delivery services can be classified into insourcing and outsourcing, as follows:

### **C- Insourcing activity**

Insourcing of delivery services is less popular with e-firms. Small countries such as Bahrain and Kuwait insource based on distance and the preference of consumers. Choosing to insource was supported by greater commitment from firms to consumers and the building of loyalty. Additionally, insourcing involves two important factors:

- To understand and measure consumer fulfilment by having feedback from the driver.
- To have some additional services, such as COD.

Thus, some new policies supported insourcing by forcing citizens to drive trucks and perform delivery services, as explained in detail in Section 6.2.1.3.

### **D- Outsourcing operations**

- 1- Outsourcing a firm's operations involves more services and may be preferred. Grocery firms have the privilege of choosing an LSP and using services from collection to delivery. However, choosing one LSP is not an easy choice, as global LSPs in SA work under franchise with differences in service and price. Moreover, some firms divided the service between insourced local services and outsourced outside services, which did not fulfil tracking, consumer compliance and trust in shipment conditions, as explained in Section 6.2.1.4.
- 2- Packaging was preferably taken from e-firms, as the cost of outsourcing and entrusting the LSP to maintain as good conditions as possible was considered one reason for shifting between LSP firms. Consumers took the view that global shipments arrived in better condition. A guarantee tariff, whether locally or globally, was still a main concern, being fixed at \$ 100.
- 3- The supply chain from e-firms and LSPs intend to develop from e-firms' perspectives to cope with satisfied consumers and to run smoothly. Furthermore, one LSPs have to recognise the interest of B2C and prepare new plans during this research.

### **4- E- Challenges**

#### ***Communication***

Communication between firms and LSPs do not yet have an overlap point as firms are fed up with shifting their providers. At the same time, LSPs do not have a plan for B2C and do not consider them as a target. Therefore, this has led to miscommunication that

can affect e-fulfilment (Section 6.2.3), as not understanding operations for each part is the main reason that the current model is not clear enough for firms and consumers. Therefore, innovative solutions claimed by firms and LSPs have a long history, which may be an easy way to provide integrating systems or accurate tracking systems, grocery shipments, and faster money on returns and faster shipments for consumers.

### ***Infrastructure***

Road and air are considered the main means of transportation, of which air cargo is considered the most costly, particularly for SMEs. Firms that use road transportation face issues between GCC countries due to customs and the great distances that affect shipment speed.

***Tracking*** has two points, as firms must trust tracking shipment barcodes, whereas LSPs mentions that they are inaccurate. At the same time, consumers do not trust tracking due to previous bad experiences.(See Sections 6.4.3.1.6).

### **e-fulfilment preferred**

Section 6.2.4 provided factors preferred by the three categories (e-firms, LSPs and consumers) from which the main findings are highlighted as follows:

#### **Consumers**

- *Flexibility in the delivery process.*

Consumers desired some flexibility in the delivery process based on receive and return and other factors which could help to make them fulfilled with services provided.

- *Accuracy as regards times of delivery.*

Delivery time was one of the major issues emerging from consumers, as exact times were not typically assigned. Global delivery increased this issue. Determining time with exact products and clear process can help an encourage the use of e-commerce and delivery services.

- *Several methods of payment.*

Payment methods in UAE, Kuwait and Bahrain were considered better than in Oman and SA. In Oman, credit cards are considered more acceptable than in SA. However, across the five countries, COD was the preferred choice of payment.

- *Quality of delivery*

Quality can be derived in process, shipment and condition. Delivery of the correct shipment of the right quality, at the right time was preferred. Some e-stores handled packaging and re-designed it in cases of LSPs driver carelessness.

#### **e-firms**



- *more cooperation from LSPs about their services and integration.*
- *new LSPs entrance needed.*
- *payment solutions such as debit cards.*
- *logistics software for warehouse methods and affordable prices.*
- *cost of shipment, as local shipment is considered more expensive than global shipment.*
- *Less bills and obligatory documentation whether from government or LSPs.*

## **LSPs**

- *More explanation from firms about the services.*
- *Change of some consumer behaviour, such as supplying full address and providing correct telephone numbers.*
- *More trust from firms and consumers.*

## **(B) Purchasing methods.**

### **A) Click and collect**

Delivery should consider participant trends, whether for small or large countries. This is confirmed by research of some firms and LSPs, illustrated in section 6.3.1.1.

### **B) Deliver globally**

**b-1** Local logistics are more active between GCC countries based on price and flexibility of consumer demand.

**b-2** Females, whether as consumers or owners, may try avoid direct contact with staff, which affects receiving orders or answering the telephone by delivery staff to receive orders.

**b-3** e-firms may consider using global LSPs temporarily until they have the capability to operate the service or search for another efficient provider (6.3.1.2).

### **C) LSP operation**

C-1 Global LSPs were ready to customise services required.

C-2 Most LSPs were not targeting e-stores where services did not meet their requirements regarding price or process.

C-3 Brand LSPs had loyalty among global services.

C-4 A few LSPs had flexibility, with cultural factors such as collecting from businesswomen for shipment and providing more services for grocery stuff to be delivered.

C-5 Some LSPs closed services based on cultural factors, with non-home delivery and non-workplace delivery for local and global logistics firms.

C-6 Franchises caused confusion among firms about services, which differed from one country to another.

C-7 Operations of some LSPs differed within one country, which made the delivery and returns process too long and involved further money (see Section 6.3.1.3).

#### **D) Regionally purchased**

D-1 Shipments followed GCC trade agreements and move more smoothly.

D-2 Postal systems in UAE, Bahrain and Kuwait are more accurate, accelerating speed of delivery.

D-3 New Customs regulations slowed down some shipments, as explained in detail in Section 6.5.1.4.

D-4 Local logistics firms offered more fulfilment to most consumers, as they move faster, with acceptable prices. Importantly, global LSPs did not operate local logistics shipments in Bahrain and Kuwait.

D-5 Some LSP operation models took longer than expected, especially when delivering inside cities.

#### **E) Globally purchased**

E-1 Unique addresses were not available in Oman and SA, where local authorities have started to launch new services with global addresses, to allow consumers to purchase from abroad easily.

E-2 Omani consumers were the only ones in the study to be satisfied with global LSPs inside and outside the country.

E-3 Delivery to home or work was not expected by consumers until they had experience it, when collection from the warehouse was too difficult.

E-4 Tracking was more precise in global shipments, and estimated delivery time was better compared with local deliveries.

E-5 LSPs differed in services globally and once shipments had arrived, as shifting to local LSPs after Customs resulted in the risk of damage or loss, as represented in Section 6.5.1.5.

#### **F) E-fulfilment in cities**

F-1 Small and large cities in the five countries heavily rely on road as the only means of transportation, and which is cheaper than air cargo, as explained in Sections (6.3.2.1 and 6.3.2.2).

E-2 Large and capital cities had priority in receiving deliveries.

E-3 Economic cities like Dubai and Jeddah have sea hubs, allowing consumers to receive deliveries faster than large cities.

E-4 Some cities in other countries received delivery faster than inside one country, such as in UAE to Qatar.

E-5 Grocery PPs in small cities used air cargo to deliver faster and more directly.

E-6 Innovative solutions, such as changing the delivery city in countries like UAE took an extra day for global LSPs.

E-7 Remote areas meant cities under B2B plan.

E-8 Warehouse location did not follow consumer demands. In most cases, the study found that warehouse places were:

- In another city, with less demand.
- One warehouse was a long distance away in a large city, which made collecting shipments hard for female who did not drive or for the younger generation. The option of unattended delivery was not provided.

#### **G) Return logistics**

Returned shipments were found to have a critical influence on the e-fulfilment process, not only for consumers, but also for most global and local logistics firms in the region, and became a main theme for discussion. This theme includes some sub-themes, such as

error in shipments, and processing of returns locally and globally, as explained in detail in Section 6.5.3. E-firms still faced this issue and dealt with it, along with consumer and LSPs viewpoints as follows:

G-1 Misunderstanding between LSPs and e-firms over the returns process, whether it was not answering consumer demands, or not including the cost of returns in the delivery cost.

G-2 The trade between SA and UAE was active, with road being the main available transportation tool, based on price and volume. However entry into SA involves a high density of traffic and takes a long time, so LSP decided to send without return facilities.

G-3 Most LSPs excluded returns from deliveries,, which were dealt with as another process. Returns faced the same challenges as delivery.

G-4 Firms did not consider returns at the outset, as models had not been designed, but were found at a later stage, LSPs needing more service at additional cost.

G-5 Clearance for delivery time was not clear, delivery and collection needing new operational processes, with calls from consumers standing in the middle between firms and LSPs.

G-6 Local logistics firms, particularly in the UAE had advantage for consumers in being able to collect and return locally, and in some cases regionally within a country.

G-7 Local drivers were considered the final solution for most e-firms, as each driver knew the zone well, and could return and exchange with the connivance of consumers, especially in large cities.

G-8 Global returns were considered impossible, being very costly and involving the need for good English at least.

G-9 COD was not acceptable for half of LSPs, while the other half preferred not to return any shipments unless already paid for by e-stores. However, e-stores still argued about money being transferred back to e-firms late to support COD.

G-10 Most consumers were still concerned that follow up by LSPs on deliveries did not answer their demands or requirements.

G-11 PP firms considered shipments as lost if consumers wished to return them, for two main reasons: to maintain consumer loyalty by cutting the long time for receiving and

then shipping out the correct item; or where shipments were not immediately returned or were received in a damaged state from LSPs.

G-12 Returns were considered risky in such cases where driving staff were under pressure of a consumer's demand to wait for the product to be tested, or not paying until they had tried out the product. In one case, a driver was locked in a room until the product was confirmed as fit. The most that can happen is that the driver has no authority to return a delivery which has been damaged by ill use, or the driver is blamed for this.

G-13 Small countries have ease of return due to shorter distances and the driver might be able to drop them back to the office.

G-14 Different operations of LSPs make the returns process longer, as each region has its own managerial and various departments, and the delivery of returns is followed in slow steps. Therefore, the consumers and firms may have to wait for a long time, which affects e-fulfilment, and results in loss of consumer loyalty.

G-15 Policies could be applied to help with returns, contracting between the three categories: from firms and LSPs on the one side, and from consumers and e-firms on the other. The UAE is the only country that has e-commerce law.

G-16 Local post did not provide return shipments, particularly global ones. Among the five countries, Kuwait post was the only one to provide cheap, good quality returns services.

G-17 It took a long time to receive deliveries, especially global ones, which discouraged consumers from making returns, which would prolong the time. Some firms understood this and sent alternatives immediately, while others provided compensatory rewards.

G-18 The element of insurance was an essential factor, as 100\$ was not considered to be sufficient if a shipment was damaged or lost.

G-19 COD helped with returns, the process of returning money from consumers to LSPs, then to firms involving lengthy procedures. COD had the support of some firms for that reason.

G-20 Returns were often fraught with complexity due to factors such as inaccurate postal systems, risks of delivery, ineffective payment systems, transportation problems and some returns policies not receiving support. Therefore, most e-stores provided

alternatives to return, even if the money had not been received from LSPs, such as additional services or rewards, or free shipment to avoid losing the faith of consumers.

## **(C) Cultural effectiveness.**

### **A) Female delivery**

A-1 Delivery to females was generally considered normal in the small or large cities of the five countries. Pre-arranged delivery should apply to both male and female consumers. Delivery on another's behalf should also be possible. Correct/incorrect telephone numbers affected delivery to females at home. Technology cannot help if location cannot be determined, especially in large countries with mass postal systems like SA and Oman (Section 6.4.1.1).

### **B) Cash on delivery (COD)**

COD was preferred method of payment across the five countries, whether the country offered solutions like UAE and Kuwait, or various different payment methods like others. COD may involve extra cost to consumers, but that was acceptable for the important reason of trust. Some large e-firms in the region have started applying COD in response to the high demand, as illustrated in Section 6.4.1.2.

### **C) Language**

Language is a potential tool to increase fulfilment and loyalty, with LSPs still using the English language in software delivery and communications. From the consumer's perspective, this was of concern, and some avoided dealing with the non-Arabic tongue in delivery or on websites (Section 6.4.1.3).

### **D) Tracking**

Global tracking was considered better from the consumer's viewpoint, which would prefer this to be replicated in local and regional shipment delivery. Inaccuracy of tracking and losses were generally annoying to most consumers, and increased levels of mistrust. Large countries like SA and Oman have new policies to help with tracking for this reason, and due to congestion in the transportation infrastructure, which they rely heavily on (Section 6.4.1.6).

### **E) Trust**

Trust comes from different quarters, precise delivery times being the major one. Deliver by whom and when was a still major concern. In all five countries, whether there are EC

laws or not, delivery on time and in good condition is paramount. The most frequently asked question from consumers is: when the delivery arrives, do you have provision for COD? This is an important factor for most LSPs, both local and global, as they change their delivery services, or do not deliver to homes or the workplace. Providing B2B service to B2C does not help and is considered costly. The gap between firms and LSPs reflects consumer fulfilment in delivery times, and a clear receive and returns policy (section 6.4.1.5).

#### **F) Not answering the ‘phone**

Telephone numbers were an issue, as in some cases, the number given was incorrect, or was that of someone else in the family, such as the son or husband, who knew nothing about the delivery. This led to calls not being answered, especially if they were from an unrecognised mobile number (section 6.4.1.4).

### **6.9 Conclusion**

This chapter reported the analysis of the data gathered during this study from three categories of respondents, and illustrated using NVivo 10 software, from which emerged nine main themes grouped into three categories. The analysis was classified into three parts, under each of which a brief summary was given of the key findings that relate to this thesis and affect ECF. Figure (21) show the overall result based on category. Thus, the next chapter discusses the analysis that emerged in this chapter and links it to the literature review in a critical way in order to answer the research questions and determine the three objectives of the research.

# Discussion of the Finding

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## Chapter 7: Discussion of the Findings

### 7.1 Introduction

In the previous chapter, the eight themes were explained in detail. This chapter considers the findings alongside the literature, and presents a critical discussion in order to attempt to answer the research questions. Five research questions will be answered based on the findings, and supported by the literature review in the following sections.

### 7.2 Q1: What model of ECF is used in pure player and multi-channel firms?

From the findings, it can be seen that no specific model has yet been assigned; firms in GCC countries are still looking for a suitable logistics model to make operations sustainable, both for grocery and non-food items. In addition, whether for PP or MC, the findings show that there are still no logistics models that can fulfil their services and consumers, which contract with (Pang, 2016). For example, one of the largest online firms in the GCC countries confirmed they had changed their model many times to fit their system and consumer demand. Further, non-food firms had tested various logistics models. One firm started with buying expensive software, then outsourced the whole operation, then moved back to using local drivers in certain areas and assigning them inside the capital, intending to further expand this. This finding has strong links with some research (Tanskanen et al., 2002) advocating that logistics models should be made locally and then tested for further markets, particularly e-grocery operations. However, in our findings, one of the largest grocery suppliers in the region failed because it had applied the wrong model, which was similar to other studies (Tanskanen et al., 2002; Lunce et al., 2006; Al-Nawayseh, 2012). However, e-stores in the Bahrain and Kuwait online markets relied heavily on local drivers for distance and quick service. However, e-grocery can be affected with transportation or logistics business model that support from (Gibbs et al., 2003; Kurnia, 2008).

.On the other hand, in Table 1, there were two successful MC e-grocery firms that existed in GCC countries (Tesco and Carrefour), which spent \$ 58 million and \$ 100, respectively, on e-grocery operations. Carrefour did not provide delivery services in GCC countries yet, and E15, the giant e-grocery, failed in SA at its first attempt (Kirkpatrick, 2002; Tanskanen et al., 2002; Al-Nawayseh, 2012; Hübner et al., 2016). What happened with E15 was that they had not fully studied the market and consumer behaviour, describing

the huge demand as unacceptable, but their response was very weak (Leeftang et al., 2014). However, some researchers (Quaddus & Achjari, 2005) have mentioned success and failure factors and delivery time as being among the failures of e-commerce, which seems obvious, and is considered a risk as an internal element in general. In addition, in GCC countries, there are small grocery stores inside each zone, called *bakalah*, which provide such a quick delivery service based on distance and are considered to be competitive.

Another factor for which there is strong evidence from researchers relates to the failure of E15, who stated in the findings: “*Our branches still sell the products at the same time as online selling running*”. This suggests that the warehouse management was affected by online operations and online services. The orders came in two ways, but the branches still dealt with customers in-store by giving them priority. The wrong quantities were also given on e-store pages, which placed the drivers in a difficult situation because, with the model they applied, the driver moved from the head office to nearby branches, arranged the order, and then called the customer about an alternative, as the store was continuing to selling the goods. Hence, e-grocery have rapid increased which will be second after apparel in 2018 in scope of Europe (Teller et al., 2006). Moreover, firms have to invest heavily of open another channel as supported from (Straub & Klein, 2001). The failure from finding of largest grocery retailer came from insufficient logistic model and geographical structure of city and the important one cultural factor of demanding (Yang et al., 2014).

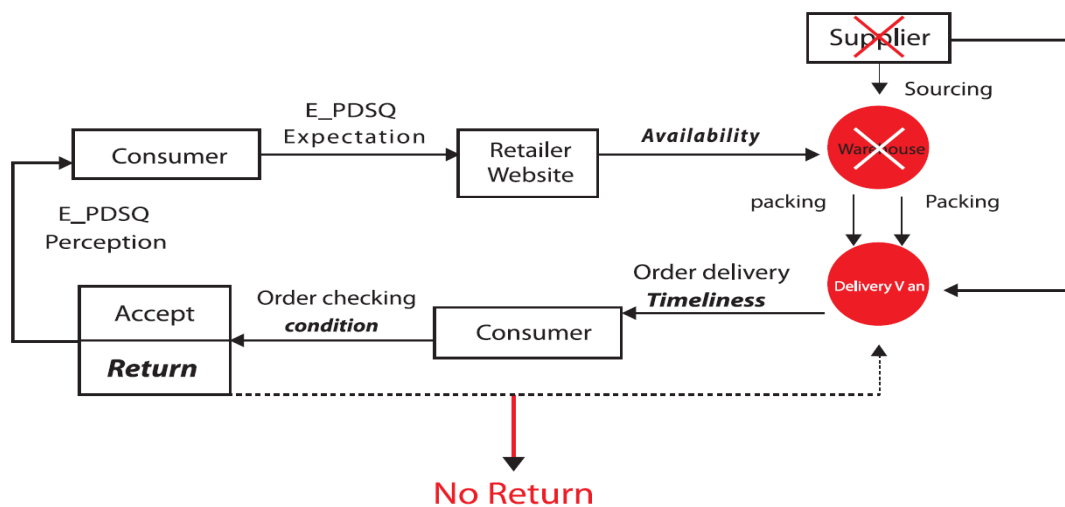
The driver then had to deliver again to the consumers. This involved a long lead time and was an unsystematic approach to operations, which is stated by researchers as a basic error in warehouse management (Boyer, 2001; Kirkpatrick, 2002; García et al., 2007).

At the same time, some e-grocery firms (Table 1) have succeeded in e-grocery, which is supported by the findings from three e-stores for different products and from recent findings in the literature. A grocery strategy was applied without a warehouse when E4 dispatched goods from a farm in the southern region, then used air cargo to distribute them all over SA in a maximum of 48 hours. This was a new experience, with no specific time or location, drivers being ready once the plane had arrived, and the goods being delivered quickly and cleanly, with COD paid immediately by prior arrangement. One e-PDSQ model has been developed (Xing & Grant, 2006) that considers four constructs

and 16 variables, and confirms time and availability as two important factors in e-fulfilment.

Some e-stores, particularly e-grocery stores, have missed out the warehouse part and dispatch goods immediately to maintain the temperature and to keep food fresh during the lead time. These firms can move goods by plane to another van before delivery, and do not offer a returns service, but offer an immediate new shipment in order to preserve consumer loyalty (Brynjolfsson & Smith, 2000). Hence, taking into account (Xing & Grant, 2006) e-PDSQ model for non-food segments in GCCs e-grocery, two units have been omitted (warehouse and returns) from the process shown in Figure (22) below, as shipments are dispatched immediately and returns impossible. In addition, more flexibility is required from e-firms and consumers concerning processes and standard contracts. One study (Delfmann et al., 2002) confirmed that this is especially the case in transportation and the system applied to it.

**Figure 22 e-PDSQ Home Delivery Development Model (Xing & Grant, 2006)**



Some e-firms mentioned cultural factors and consumer behaviour, and the need to study these in order to acquire an appropriate logistics model and fulfilment service. Huseynov and Yildirim (2015) have made systemic literature review of 71 journals and 208 articles peer-reviewed from logistic and marketing journal of behaviour issues of B2C e-commerce and found that behaviour need more investigation, which this study found in e-grocery like previous experience and non- food.

One LSP firm customized its model based on customer demand so that it could be ready for any requirement, and address confusion among e-firms or consumers, which is considered one of the difficulties in this kind of model (Bask et al., 2012). However, some

e-firms argued that the LSP system was not designed for e-firms, but focused on B2B and banking sector services in particular. Three large global LSP firms delivered to the same number of branches of a popular bank in 400 places, meaning that this bank can be considered to be widespread in SA in particular, and in GCC countries generally (Delfmann et al., 2002).

Choosing an appropriate model illustrates that this objective needs to investigate the efficiency and effectiveness of B2C e-commerce. To understand the confusion surrounding choosing such a logistics model, the next section focuses in detail on operations from insourcing to outsourcing, the challenges faced, and what factors can lead to such a fulfilment model in the online market for the three categories examined by the second question. However, OC consider is very fast changing domain, which this study take four years to do, this during the time of this thesis the implication going forward it won't change my finding but might modified them going forward for future researchers (Forrester, 2014)

### **7.3 Q2: Is the e-fulfilment process effective and efficient from a logistics and supply chain management (SCM) perspective?**

An efficient e-fulfilment service needs to consider three categories: the operations of e-firms and LSP firms, the challenges involved, and the factors preferred. Such operations should consider insourcing and outsourcing, and the speed of the process, including criteria for shipments, quality and supply chain improvement. From the findings, confusion regarding choosing a suitable logistics model is linked to the operations strategy and the decision to insource or outsource, which has an effect on the e-fulfilment of consumers. Moreover, the information provided in the findings shows how e-firms struggle if they cannot provide same-day delivery to the area surrounding e-stores (Quaddus & Achjari, 2005).

Different factors relate to the logistics activity presented by the participants, as well as other external factors. E-grocery and non-food firms try to have an optimum system to suit their operations. Speed of shipment and service, tracking shipments and flexibility in criteria help them a great deal. At the same time, LSP cooperation makes them a target segment by providing them with a service to fulfil the requirements of the firms and their consumers. Hence, large cities across the five GCC countries have the advantage of

receiving fast deliveries and account for the largest share of the demand. As presented in previous studies (Sinai & Waldfogel, 2004; Blum & Goldfarb, 2006; Hortaçsu et al., 2009), online companies have an advantage if the distance involved is small, and both the buyer and the seller are in the same city. However, fast delivery is still an issue, as it is rare that e-firms can achieve this, and, if they do, they add an extra charge so that items can be delivered by a LSP company. They also have to be ordered by consumers before 2 pm, otherwise the delivery will be delayed until the following day. It has been mentioned (Bask et al., 2012) that the last mile is still an issue, for reasons of convenience and price. However, this is not the case in the UAE, Kuwait and Bahrain, as small countries can achieve this and deliver using local drivers. There are some delays in the UAE for distant cities, but not compared with the online market in SA and Oman. This study has indicated that last mile have differentiation of service, which consider new contribution of (Hübner et al., 2016) study.

### **7.3.1 Operations**

Confusion over choosing a logistics model led 10 e-firms to insource their operations. E-grocery stores reported that they preferred to run their own activity for two reasons: they understood the consumers and the area, as they had classified the city into zones around the branches; also, although an important aspect is that they tried to use LSP firms, they were too expensive for them. This comes under the two previous reasons for supporting EC and keeping a direct link between the retailer and the consumer. However, another study (Lieb & Miller, 2002) supports dealing with LSPs, as large manufacturers have a reason for supporting EC, which might give e-grocery in the Gulf the possibility of understanding consumers better and enhancing the fulfilment of service. In addition, while consumer behaviour has been studied from an e-grocery point of view, it is known that LSP firms might not consider this and lose the online share percentage of consumers and profitability, as the e-grocery market is considered to be risky in EC, and consumer behaviour is hard to predict (Bask et al., 2012).

### **7.3.2 Time & condition**

Consumers shared the perspective that they need a direct delivery channel from the original e-store, such as Amazon.com, so that they can avoid dealing with a LSP. Moreover, an e-grocery store demands a higher premium service. In addition, hiring local drivers in different areas was the conclusion of one large e-firm, as it found these drivers could market its products through fast shipments, and obtain valuable feedback regarding development, which provided greater convenience at a suitable price and made the last

mile in large cities less complex and more fulfilling for consumers. E3 stated, “our *local drivers are patient, have knowledge of the city, experience and are fast with flexibility with customers and respect cultural habits*”. This is an additional study of (Huseynov & Yildirim, 2015) as new factor have found that affect e-fulfilment. Knowledge of the area and anticipating consumer behaviour were considered success factors for most insourcing e-firms. Some e-firms were concerned about loyalty and hence provided an option for COD to enable exchanges in a matter of days (Brynjolfsson & Smith, 2000) and that not for offline as (Kim & Jones, 2009) mentioned even with online channel.

One e-firm assigned a strategy of allowing drivers to have a shipment for three days to deliver and exchange if necessary, which came as a result of returns being considered too long a process, and the feeling that the new system might build consumer loyalty and enhance the e-store brand. In particular, PPs were affected more than MC by customers’ lack of fulfilment and trust in brands (Brynjolfsson & Smith, 2000). At the same time, some e-firms argued that consumers continued to ask about delivery times, and for more information about shipments, which they claimed was all available on the website. From the findings, insourcing operations were not used by various e-stores as they are considered to be risky and costly, which encouraged the e-firms to keep trying and testing various models. One e-firm spent two years applying an EC fulfilment model and paid 150,000 SR (about 25,000 GBP) for a new logistics model, which was mentioned as a barrier in one study (Quaddus & Achjari, 2005). The study also mentioned the financial risk taken by some firms, as no alternative local or global products, such as software or services, were provided by local and global LSP companies. Although, outsourcing was often the only choice, as some e-firms took the opposite view to one study (Bask et al., 2012) which found that suppliers could, without infrastructure, sell online locally and globally, as sales and delivery channels were separate, and small firms should have a variety of services that are different from those used by large chains of retailers.

### **7.3.3 Challenges**

Another claim about the policy of LSP companies is that their prices depend on firms opening an account with them. This practice is easy in the UAE, as the Ministry of Commerce provides EC licences for e-stores, whereas in countries like SA and Oman such licences have not yet been assigned by the government, which requires e-firms, particularly PPs, to hire stores and pay tariffs and bills to obtain a trade licence (AlGhamdi et al., 2011). Large cities of course have more availability in technology and large LSPs

as some scholar mentioned (Sinai & Waldfogel, 2004). However, the difference in this study is that economic city have similar advantage in particular with global shipments.

This was reported as being problematic for most e-firm owners and managers, who regarded it as a way to lose money and of being time-consuming, without offering any benefits. Cooperation was still an issue between LSPs and e-firms, as supported by some authors (Bask et al., 2012). LSPs and retailers have to seek more cooperation in e-commerce, and more studies should focus on the relation between LSP companies and consumers. This study investigated the issue, and found poor communication between LSPs and consumers in five countries in the Middle East (the GCC countries, excluding Qatar). Global LSPs operating within the GCC follow the same system, using the English language for texting and in all their processes. However, some consumers do not speak English, and found determining the location once they had received a call to be difficult. In the UAE, some local logistics firms use technology to keep consumers updated by texting, but more factors, such as location, need to be determined in a more innovative way (Kurnia & Chien, 2003; Idris, 2007). However, these methods are not yet available for global LSPs, and do not apply to global shipments. Cultural factors are explained in more detail in the section dealing with Question 5.

The delivery time is always provided as a time period, such as from three to five- days locally, five to seven days regionally, and, depending on the product, usually one month globally. The postal system was broadly acceptable in the UAE, Bahrain and Kuwait, but is still disorganized in SA and Oman. Consumers in SA stated that they had an accurate US or UK address provided by three LSPs, one of which came under the government's authority. The point is that they have a PO box there, but do not have one in SA yet, which is sufficient for global shipments, but not for local ones. However, receiving shipments by government post is considered high risk, and losses often occur. However, the price is competitive, and they also have a premium service that can be competitive, although not for e-firms and most consumers (Brynjolfsson & Smith, 2000). Some services are provided by LSPs, such as shop and ship and MyUS, which gathers items to be shipped once they have checked the address abroad and then forwards them to a linked address in GCC countries. This is somewhat satisfying for consumers, but costly based on the weights of different products. This type of service was stopped by P9 because of changeable Customs regulations. Home addresses have also caused some LSPs to change their strategy and not deliver to homes, while other LSPs do not deliver to workplaces. Responses followed from consumers and forced them to follow the rules regarding these

shipments. It costs 90 SR to have a PO box in SA and to guarantee a global shipment runs smoothly (Rosen & Howard, 2000).

#### **7.3.4 Firms & LSPs relationship**

Most e-firms kept changing LSPs, or using two of them at a time, which can be an unpleasant experience. Some firms used LSPs for clearance, and others for delivery. Furthermore, other firms argued that the service from branded LSPs is different in SA from that received abroad, due to global LSPs having different services from those working under agents inside SA, as franchise law is not assigned in this situation. There was no flexibility between e-firms, LSPs and consumers (Council of Saudi Chambers CSC, 2015) (Bask et al., 2012).

E-firms needed consumers to understand their processes, LSPs required more work from e-firms, and consumers wanted a good service, such as that offered by global shipments, which employ tracking systems and accurate delivery times. However, there is a missing point, where everyone needs something the others cannot provide, and that e-service does not yet fulfil consumers. Thus, this finding can show that innovative solution is not provided from global LSP or e-firms as (da Mota Pedrosa et al., 2015). Local and regional services do not compare with global shipments, based on the finding that consumers complained that there is no tracking system or accurate timings with local shipments, although some firms argued that they provided on contract but nothing in practice as (Xing & Grant, 2006; Xing et al., 2010) determined that. The e-PDSQ model mentioned earlier offers four constructs and 16 variables for e-fulfilment. Availability is one of the constructs that has a tracking and tracing system as a variable in one of the construct elements (Lee & Lin, 2005).

At the same time, LSPs seem to be too busy to follow up small details in B2C relations, which has a major effect on both consumers and e-firms. The next example clarifies that the connection between e-firms and LSPs may go well in the contract stage, but there is no commitment in practice. Therefore, outsourcing is not considered as fulfilment solution, which (Brekalo & Albers, 2016) discussed outsources in their study and defined it. In addition, more support and firms need to enter the market to provide solutions (Kawa, 2017).

One grocery firm insisted to P7 that shipments must be delivered within 48 hours maximum, but P7 continued to send all the shipments to the operation even if the order was in the same city and their operation was placed in another city. This returns to the



need for more cooperation with LSPs, but this is difficult, as most LSPs considered B2B as their major target business. One LSP launched a B2C line, but complained that e-firms and consumers did not cooperate, which caused delay and error issues. Delays in shipments have been mentioned by various authors (Quaddus & Achjari, 2005), who consider delivery time to be one of the external barriers to e-commerce transactions (Xing & Grant, 2006). If there is a delay, a shipment might not be delivered, or is considered lost by e-firms, as returns are impossible and e-firms cannot take the risk of losing consumers. Further, there is a barcode for following up items, but this technology is mostly ineffective, according to consumer feedback to e-firms. Implementing it does not take into account technology use, or help e-fulfilment in the GCC online market Pecquet et al. (2008); (Lee & Lin, 2005).

### **7.3.5 Preferred**

The process in most e-firms is that delivery will take place during a period of time, such as from three to five days inside the country and regionally, and more than that, such as one to two months globally, but this does not provide a precise time for local deliveries, which is in contrast with some findings in the literature (Chen & Chang, 2003). In choosing a delivery date and time slot, the process is affected by warehouse location and if e-firms insource deliveries to local drivers, or outsource them, and are prepared to let a LSP collect and deliver; nothing is confirmed until the driver or LSP receives the shipment (García et al., 2007). The previous model has been applied in advanced countries, but does not involve grocery. Further, the most active logistics firms, particularly those that operate between Gulf countries, were preferred by local companies if they lost track of a shipment between countries. In line with this, global LSPs have been tracking global purchases until they are delivered, but the accuracy is different inside the five countries, and depends on Customs procedures. Although there are global LSPs established in Jordan, an Arabic country, which provides tracking, most e-firms cannot confirm anything, due to the tracking showing that something has been delivered, but the consumers are still calling about the shipment or location. This process is not accurate yet, and tracking systems and the technology involved are still not used, which is one variable missing from Xing's model of e-fulfilment, is not supported in other studies (Wolfenbarger & Gilly, 2003; Lee & Lin, 2005; Jain et al., 2017).

Generally, e-firms need a brand name they can trust, as tracking is very responsive to cultural factors. One successful experience in the UAE found that, after testing a number of global and local logistics firms, the gap could be filled locally and across the Gulf

regionally. On the other hand, some LSPs claimed that they had all the facilities of e-stores, and one of them had opened a new line. Some LSPs changed their strategy, and extended delivery times from 9 am-9 pm or 8 pm. This was supported by (Bask et al., 2012) as it was encouraging LSPs in e-commerce logistics. However, most consumers were not yet fulfilled by the logistics model, and called for the entry of new professional logistics firms to the market to reduce costs and enhance the services provided. The conditions for shipment were still controversial, as packaging was considered costly, and receiving and delivering of shipments earned a lot of criticism from UAE consumers, as some shipments arrived damaged. In Oman, e-firms and consumers were fairly satisfied with outsourcing, and were fully convinced of global LSP services so far (Esper et al., 2003).

Some e-stores claimed that cooperation with LSPs did not go well, was unclear and they did not respect the contract, forcing consumers to collect items from branches, even though the contract stated delivery. This point came from a businesswoman in SA, who needed to take deliveries herself. As the firm's team was mostly composed of women, this showed a complete failure to understand an essential cultural factor. Previous studies (Quaddus & Achjari, 2005; Xing & Grant, 2006) have discussed the models in different countries in terms of cultural factors in GCC countries, but not how they affect e-fulfilment. Women who own companies could lose business, or delays might occur, not for issues referred to in previous studies, but for factors such as the situation in SA, where women are not allowed to drive and hiring a driver is costly. This matter will be discussed in more detail under the section relating to Question 5.

Even in the UAE, e-firms need more cooperation regarding the integration of technology systems, rather than using barcodes and three invoice copies, which causes consumer and e-firms to ask about accurate times of delivery, and could help sustain quality and reduce time (Beaumont et al., 2009). Some e-firms mentioned that cultural factors need to be understood, as these have a strong effect in GCC countries, and not understanding them might lead to lost business. One issue raised was that e-firms tried to insource as much as possible, to keep customer loyalty, as the community was known to them, and the drivers were local and could deliver quickly and cheaply.

### **7.3.6 Customs regulations**

This study has identified policies and their effect on processes. It was found that Customs regulations are considered a barrier, as changeable rules affect processes, not just in SA,

but also among the five countries that have had a GCC trade agreement since 1980. One firm discovered this when it was fined for not following this agreement but, after complying with it, found that the process with the other countries ran smoothly (GCC-SG, 2004). This agreement was assigned for trade purposes, but was not activated for e-commerce until 2013. One e-firm owner in Kuwait complained that it involved completing too much paperwork, but that after this, trade in e-commerce across the Gulf countries was relatively smooth. Nonetheless, some LSPs have a greater competitive advantage than others, and certain factors can enhance e-fulfilment. For example, P3 in SA had a hub at the airport, which other LSPs did not have, which speeded up the logistics process. Some consumers and e-firms preferred to use them in SA, and some firms and consumers preferred them for imports (Kurnia, 2008; AlGhamdi et al., 2011). This might be because a franchise system is not applied in SA, and a global LSP working under an agent has powers of influence in having some service and price tariffs that are different from those of a global LSP. In Dubai, there is a somewhat different strategy, although from the findings, both global LSPs and those under an agent in SA had similar lack of fulfilment feedback from e-firms and consumers, and lack of cooperation and flexibility, unlike Oman, where they were satisfied with the service.

Semi-governmental P2 runs local and global shipments, and has the authority to licence LSPs in SA. The issue with this organization is that it irritates some global LSPs by creating a price war and high costs, which affect e-firms and consumers who are obliged to pay a tariff for LSPs. This caused LSPs to argue that the competition is not fair, as the authorized company could run a LSP service, particularly for B2C, as it has payment facilities and a low competitive price as a semi-governmental firm. It can provide a service at a cheap price to the 50,000 scholars abroad, and offer a payment gateway. However, it was not preferred by most customers, as the service and quality was not very good locally. One issue with customers was that P5 runs deliveries of shipments without returns, due to Customs being busy, which takes a long time and affects their service. One e-firm argued that the Customs policy should be written and declared with updates to protect them, and make EC more efficient. Some researchers (AlGhamdi et al., 2011) have mentioned that EC law in SA is not effective yet, but could smooth the process of Customs operations. In addition, the policy in Oman plays an important role by stating that van and truck drivers should be Omani. This decision has caused some e-firms in Oman to keep testing drivers until they find the right one, which makes the service changeable, resulting in greater lead times, delays to deliveries, dissatisfied consumers

and potentially lost customers, the previous elements in contrary with (Cao & Zhao, 2004) study.

Payment methods, accurate delivery times and the quality of delivery were considered the most important factors by most consumers. Postal systems are still disorganized, particularly in SA and Oman, although the situation is different in the other countries. Price is considered an external driver to success in some studies (Quaddus & Achjari, 2005); (Brynjolfsson & Smith, 2000), which is in contrast to the GCC online market, in which most electronic products, particularly in the UAE and SA, have the same prices offline, or might even be higher. This leaves customers to buy from abroad, which means that they have to wait and carry the risk of damage to devices during shipment. In addition, there is the consideration that shipments brought from China are cheaper than those shipped between two cities in the region. This will be further illustrated later.

This study was exploratory, looking at different aspects in order to determine whether e-fulfilment is effective, and to continue the previous discussion of challenges faced by e-firms and consumers which need to be illustrated. Trust was considered an issue, some consumers being afraid to pay online because there is no authorized website from any authority, and payment or COD might not be provided by an e-store. Trust was with LSPs, as they are still developing and the LSP service is not yet fully understood (Šalhüb, 2002). Word of mouth (WOM) played an important role, as each e-firm had had a successful experience with this, and P5 confirmed that this type of feedback was important to them. One e-firm followed a strategy of not exchanging, and simply sent an additional shipment if an error occurred, as loyalty played an essential role in marketing and enhancing the WOM tool to keep his firm in the market. The UAE is the main country in which EC law is applied, and where active consumers and firms follow the system (Idris, 2007; Kurnia, 2008). Table (18) presented brief points of the answering research questions 1 and 2.

**Table 18 Summary table of answering RQ 1 and RQ2 for three categories of stakeholders (e-stores, LSPs and consumers).**

	<b>E-firms</b>	<b>LSPs</b>	<b>Consumers</b>
<b>LOGISTICS MODEL</b>	Logistics model still changeable for most e-firms.	-Global LSPs ready to customise demand. -B2C still not a target and few have plans for B2C.	Still confused about different models among e-firms and LSPs.
<b>CRITERIA</b>	Grocery still not acceptable.	Standards applied to e-grocery and non-food.	Depends on the firm's loyalty programme.

<b>INSOURCING</b>	Considered as first choice.	-----	Preferred, as flexible in delivery and return.
<b>OUTSOURCING</b>	Global brands desired.	Ready based only on their condition.	Not fulfilled for most consumers.
<b>TIME AND CONDITION</b>	Give an extra time for delay. Flexible with returns COD.	Time not precise for most shipments.	-Local shipment fast in some cities. -Global shipments more accurate than local.
<b>CHALLENGE</b>	Need more service clarity, from consumers and LSPs.	More cooperation needed from firms.	-Delivery times -Payment system -Language
<b>NEED</b>	- Cooperation of LSPs. - Various factors, such as software to organise orders and payments.	Clear and sustain policy of the market.	-Precise delivery time. -Clear information of orders and shipments.
<b>PREFERRED</b>	-Location system -Logistics system -Payment system	-Location system -Payment gateway	-More services. -Regulation of returns and security.

#### 7.4 Q3: How does ECF differ between locally purchased and international transactions in the GCC market?

All the related information illustrates how local and global shipments flow, and explains the difference between various factors in the five countries, whether as insourced or outsourced operations services. Further, why consumers favour services such as delivery or click and collect is discussed in the findings of this study and the related literature. From the findings, global purchases were preferred, fulfilling a large share of the participants in the study, rather than purchasing locally for different reasons, the main ones being price, trust, the tracking of shipments and policy. In addition, choosing an insourced or outsourced operations determines the model for orders, and whether they are local or global. Obviously, using local drivers for most local shipments, and local logistics firms for regional shipments between GCC countries was preferred, the two names linked with a global LSP for global purchases being P3 and P7.

##### 7.4.1 Price

Prices in the online market are considered the same as, or might even be more expensive than, MC or offline stores. Some researchers (Lee & Lin, 2005) (Quaddus & Achjari, 2005) consider this to be one of the benefits and an external success factor, which is the opposite to the findings in this study, which reflect shipment price as affecting the e-fulfilment of consumers.

Local logistics firms had priority, particularly for shipments between GCC countries, as e-stores continued to transfer from LSPs to them, whether they were owners or consumers. In the UAE, one businesswoman had a company and shipments distributed across the Gulf market as a global P1, but there were delays, which were considered costly compared with regional firms. This was the result of two barriers: the model for late deliveries and collecting shipments from warehouses, while delays in dispatches, with lack of accurate delivery times was considered an essential element of the Timelines construct (Xing et al., 2010). In addition, women can drive in the Emirates and have the freedom to deal with everybody, but still claimed that, after the first deal, they will not continue to search and negotiate, while the second firm did everything online with 'collect upon call' from the warehouse and confirmation of delivery. Hence, (Islam & Scupola, 2011) have recommend to study the individuals, community and organisation).

#### **7.4.2 Delivery method**

Culture is obviously an important factor in EC for companies and consumers, and the owners of firms will not spend long negotiating with LSPs after delay issues (Idris, 2007). Therefore, local logistics firms have succeeded in dealing with e-firms locally and regionally, and focus on targeting local customers and finding quick solutions to their problems (Hsiao, 2009). In the UAE in particular, a firm in the north can deliver to Qatar as quickly as it can deliver locally and regionally in the country, as the distances are small and the high volumes enable local logistics firms to extend their operations (Tanskanen et al., 2002). Furthermore, Oman is considered popular, with unique and valuable stones for use in the jewellery trade for both men and women, but firms preferred to use a global LSP for local shipments and abroad, as they are seeking high quality and a guarantee. However, one Customs process disallowed them for not attaching spirit instructions, which had been sent by email instead. Omani e-stores and consumers were satisfied with P7 globally, and also preferred them locally once the authorized labour department assigned a new rule that truck drivers should be Omani. This raised the cost, and local firms have used local drivers, but still used P7 globally (Zhang, 2008).

Local shipments may be delayed by up to three days in most GCC countries, so it is quicker for consumers to order and collect their items, particularly in large cities and small countries such as Bahrain and Kuwait. Some regional e-firms have started to launch COD, and most consumers are attracted to this, despite the extra cost reflecting more money being needed for shipment and delivery. However, some consumers were ready to spend even more to have express delivery on the same day. If they could not have this

it could affect the loyalty of pure players (Brynjolfsson & Smith, 2000). Another reason to avoid the long procedures of transfer or credit card payment is that some consumers do not have a bank account. Another reason relates to culture factors. Some e-firms do not provide COD, but leave one channel open for collecting from a store. If a call is not answered, the shipment is reserved at one of the branches. One LSP had various branches from which items could be collected, and another had a warehouse that was far away and took some time to find. However, being kept in branches can cause damage to some shipments, as happened in some consumers' experience. Some LSPs had a strategy of delivering to workplaces, rather than homes, and consumers found delivery to a work address at least one day faster than to their homes. Small and large cities had a similar service with only one day's delay. An advantage for local logistics firms was the price and the items being collected on time (Blum & Goldfarb, 2006; Hortaçsu et al., 2009).

### **7.4.3 Global service**

Some firms talked about going global and needing more effort and logistics support to be present in the Gulf (Esper et al., 2003). Firms that outsourced their operations relied on their services, but the majority of firms were waiting for the chance to run their own service, whether small or large, grocery or non-food, some large firms that deliver to other countries in the GCC from SA planning for their trucks to cover the GCC countries market. One interesting point derived from this was that most of the consumers or e-firms that send shipments abroad considered it cheaper to send them to any city in the Gulf countries. Another point raised by different e-firms was that LSPs designed their logistics systems for the banking sector, which had a major effect on e-fulfilment, as some of them confirmed they targeted the GCC market by focusing on B2B operations. Some researchers (Bask et al., 2012) have discussed how PPs can sell globally directly to consumers without LSPs. Moreover, global shipments have tracking and are time-determined, while most local shipments are not tracked and the delivery time is not precise, but rather given as a rough time period (for example from one to three days). This does not help most consumers and causes them to be unfulfilled, especially as in large cities consumers work on weekdays or are out at the weekend, which reduces the likelihood of receiving shipments.

Consumers are not always able to choose a carrier. If they can choose, they are lucky; if not, they have to check which firm can make the transfer. Most consumers preferred a global LSP name for tracking (updated with consumers) and ease of return (Xing & Grant, 2006), as they felt it was more trustworthy and offered better conditions.

#### **7.4.4 Infrastructure**

Traffic volume does not help either, particularly in cities such as Riyadh and Dubai. Most of the previous factors have been mentioned in other models (Xing et al., 2010); (Quaddus & Achjari, 2005), in that a delivery time is needed and availability determined with consumers in clearly updated orders. Further, it has also been stated (Mangan et al., 2008) p. 9) that high-quality shipments have the following characteristics: to be “in the right way, the right production, in the right quantity and right quality, in the right place in the right time, for the right customer at the right cost”, which cannot always be applied to local shipments. However, local logistics firms in the UAE showed that they are the best among the five countries at using technology for updating both e-firms and consumers in relation to other logistics firms (Ghobakhloo et al., 2011; Ramcharran, 2013). Shipments can be delivered quickly from GCC countries unless something suspicious is found, and some online operations do not offer returns. For example, P5 is a popular regional logistics firm that sends shipments from SA to the other five countries without returns, particularly from the UAE, as the Customs area is typically congested with trucks, and most shipment delays come through road transportation. This suggests that the trade agreement of 1981 has not been activated properly, causing trade between GCC countries to be more complex and affecting ECF (GCC-SG, 2004). Similarly, in Kuwait, Customs regulations required that shipments should follow the previous agreement, which took e-store owners and managers by surprise. This agreement helped once the shipment had arrived between GCC countries, but not on the roads, especially on some of the busiest borders, such as that between the UAE and SA.

#### **7.4.5 Local & Global LSPs**

For GCC countries that import most of their products from abroad, LSPs were ready to customize any model as requested. However, they still faced issues with small volumes of shipments from some e-stores, which might be considered an advantage for the e-stores, as they could use warehouses and sell the products upon arrival. Thus, claim from the LSP and at the same time made the inventory empty. This might relate to what has been mentioned by (Delfmann et al., 2002; Bask et al., 2012) with regard to LSPs having to be ready to respond to different EC requirements, by providing some flexibility and existing globally.

On the other hand, in the UAE, flexibility is available from the e-store in accepting and measuring cost based on different factors, such as sale and inventory volume and regular amendments (Kotzab & Schneddlitz, 1999). LSPs in the Gulf deal with large firms with



brand names, and serve them with the required activity from warehouse management and systems integration, which are not provided by SMEs. Subsequently, choosing a LSP for import or export was not an easy decision, as global brand names work under agents with different services and approaches, which causes some e-firms, especially MC retailers, to choose two global LSPs: one for operations such as delivering to retail branches, and the other to try to fulfil consumers, as previous complaints from consumers had been with regards to delays and the conditions for local orders (Cao & Zhao, 2004).

Moreover, most LSPs in SA did well operationally in some aspects, but were weak in others, such as being very good at delivering shipments to retail branches, but being criticized on the consumer side, perhaps because their system was designed to cope with B2B rather than B2C (Bask et al., 2012) Therefore, innovative solution not be applied (da Mota Pedrosa et al., 2015). For example, P2 was popular and had a payment facility, but was not efficient in most e-firms' experience, whereas in B2B they were more efficient, being semi-governmental and looking for profitability (Moertini 2012). Another issue for LSPs was that they operate in a system in which each zone has a different operation, which puts some e-stores in the critical situation of running quickly in the capital, but their operations in the east are very slow and have different methods, which again caused e-stores to sign more than one contract with other LSPs. On the other hand, some global LSPs customize the process, to be acceptable for both e-firms and consumers by creating special delivery channels (SDC), which some studies insist they provide (Bask et al., 2012). However, the price is increased once the process has been customized. In contrast, some services differ from one franchise to another, and service is affected once items have arrived in Customs.

Most of the consumers who participated in the study mentioned a global shipment service as being more accurate and providing a tracking system, whether from local or large cities, which partially similar to one factor from (Xing & Grant, 2006) model. In addition, factors such as price and time accuracy were mentioned, but the important aspect was that local shipments provided COD, which most consumers favoured in terms of trust or if this was a first experience, as some consumers did not have a credit card. Trust in previous scholars (Rabinovich et al., 2007) have aside with PP but another factor emerged in this study that COD still the essential payment method for most consumers. More options were provided when COD was available, giving more opportunity for checking and returning a shipment, which global LSPs refuse to do, but which is approved by local drivers. Small cities receive some shipments from other small cities, as some global LSPs

deal with them as a small city sub-contract. Having COD and local drivers were two essential factors that led to most consumers choosing delivery rather than click and collect. However, in Kuwait, Bahrain and the UAE, payment is possible by various methods, such as K-net in Kuwait and e-wallet in some e-stores, and three banks provide transfer solutions to customers and e-stores. Delivery is still preferred across the five countries, for grocery and non-grocery items in both small and large cities.

On the other hand, one strategy was considered to have been successful for one LSP, P7, as it followed a strategy of opening branches in each district in the capital and in large cities. As mentioned, collection was preferred by most consumers, particularly those who did not respond to outside calls, or had not written their full address or were out at work, so that they could collect items at their convenience. This came from the experience of dealing with banking sectors, P7 stating “*most consumers preferred received credit cards after 5 pm*”. This strategy was based on bank practice, and had the disadvantage of forcing consumers to collect rather than have something delivered. There was no commitment to contracts by some e-stores, which tried to provide a convenient approach for consumers using the wrong strategy (Bask et al., 2012). One LSP had many complaints from e-firms that it did not deliver, but called consumers to collect their items. This strategy was followed by another LSP in its future plan. Finally, P2 had conducted a study and found that 80% of the respondents preferred delivery and dealing with COD, whether as e-firms or consumers, which confirmed that delivery was preferred in GCCs online market for both grocery and non-food items, and differed from (Al-Nawayseh, 2012) conclusion that click and collect was preferred in the Jordanian e-grocery market (Loginova, 2009).

#### **7.4.6 Trust**

However, there were a few who do not buy from inside the GCC market, due to high price or lack of trust. Trust is one factor that affects e-fulfilment, as only one country, the UAE, has assigned EC as authorised trade. There are some websites (Mothoq, 2013), but this is still not a radical solution for global shipments, because in Kuwait, for example, if a shipment is not received as the customer ordered it, it will be announced as undelivered (Tsiakis & Sthephanides, 2005). PPs try to keep consumers loyal by providing another free shipment or offer if a shipment is delayed, which is then considered lost or damaged by most e-firms. PP is not like MC, which has a logistics system assigned already. Click and collect was preferred for a few situations, such as urgent shipments, sensitive products such as electronics, and when the scheduled delivery of shipments was not considered to

be near, even for grocery. This was completely different from results for the Jordanian online market, as they preferred click and collect generally (Al-Nawayseh, 2012).

Warehousing, price and trust factors affected both local and global shipments, as warehouse management seemed disorganized in general, and SMEs could not judge how they should operate. Most of them relied on one warehouse and had all shipments dispatched from it. One issue was that some firms were located in the east, but most orders came from the capital in the centre of the country. In addition, one large firm opened in the capital and received shipments in Jeddah in the west, which caused long delays in delivery times and lost customers (García et al., 2007; Cho et al., 2008). The next question will explain how warehousing affects ECF in GCCs.

#### **7.5 Q4: Are there differences between large and small cities in receiving local and global orders?**

Local and global deliveries rely on two important factors: warehouse location and remote area. In the five countries concerned, there are differences in population and area, in that SA and Oman are considered to be large compared with the UAE, Bahrain and Kuwait and, from the findings, there is a trend to move to large cities. However, Bahrain and Kuwait are considered to be small countries, and are classified in terms of delivery to consumers in Kuwait, and click and collect for local purchases in Bahrain. Dubai in the UAE has some global LSP offices, and is an active hub in the Middle East, although e-fulfilment is not achieved in all factors. For example, in Dubai, a global and popular LSP, P8, launched a same-day delivery service, but the project stopped after huge demand from consumers (Lo et al., 2001; Hu et al., 2004). The firm claimed that the cultural atmosphere and the customers in Dubai urged too many shipments to be made quickly, and the company received too many questions related to the service, so they decided to put the project on hold, and then stopped it (Kurnia, 2008). P8 had missed the cultural factor, and failed to apply a convenient customer strategy for when and where shipments would be delivered, especially in a small city like Dubai or across the Emirates, which is not considered to be as large as SA (Bask et al., 2012). Moreover, some services were not provided in large or small cities, such as same-day delivery or fast delivery, even with an additional fee, which suggests that an unsuitable logistics system was being applied. One model (Xing & Grant, 2006) emphasizes timeliness and choice of delivery methods, but in this study speed of delivery for an extra charge was not available.

### 7.5.1 Warehouse location

Jeddah and Dubai are considered to be economic cities, are smaller than the capital, and receive shipments faster than other cities, because they have two hubs, and shipments are received and delivered quickly to the customers in those cities. therefore, Riyadh, Abu Dhabi and Muscat have large populations and orders also come from those cities, as some consumers in small cities can obtain shipments faster than those in the larger cities. It was obvious from the e-firm's response that their next plan was to open a warehouse in the capital, in addition to that in Jebel Ali in the UAE and the eastern region of SA (García et al., 2007; Cho et al., 2008; Bask et al., 2012).

Hence, the location of the warehouse played an essential role. Most e-firms had an issue with warehouses and how to manage them, in terms of both insourcing and outsourcing (Cho et al., 2008). Having a logistics system that was clear with reliable data collection for warehouse management was considered a major issue, and a main reason for e-firms and LSPs experiencing difficulties. Thus, 10 LSPs in SA had one warehouse in the capital from which to dispatch all their shipments, especially global ones, and P7 had different branches that distributed only in large cities, as small cities were affected by a long lead process Convenient delivery shipments had earned success in the grocery market, such as for Tesco and Peapod, and some firms in GCC countries had had success in delivering to consumers who needed dispatchments to be fresh and fast, although it is interesting that e-grocery inside large cities had failed, but succeeded in small cities. However, with suffering with LSP as still not satisfied of provided services and looking for alternative still active (Boyer, 2001; Lunce et al., 2006).

Consumers can pay an extra and slow price not only the motivated in most consumers as there are also competitive retailers called *bakalah*, small grocery firms placed in local districts that offer fast delivery with convenient payment methods, and compete with GCCs online market (Teller et al., 2006).

In addition, e-firms provide more service in order to maintain loyalty, in which WOM plays an essential role. Most consumers need time to adapt to delivery schedules, and some methods need time to be accepted (Bask et al., 2012). Grocery is considered risky in EC and complex in terms of logistics, as some products cannot be returned, which means that alternatives should be ready. This approach is critical and puts some e-grocery firms with different products into such situations as having to change products, needing cash for COD transactions, and dealing with rising temperatures caused by delays due to

traffic congestion. Further, the horizontal arrangement of districts and houses increases the risk. Most LSPs refused to deal with grocery, apart from two firms, although they would not touch quick-to-expire products. Notwithstanding, LSPs dealt with olive oil and honey, but costs were high and could not be supported in B2C. One more factor is that LSPs do not have a good understanding of consumer perspectives (Boyer, 2001).

### **7.5.2 Remote area**

From the findings, remote areas had already been covered, based on e-firms and some LSPs, whereas some areas and small cities were covered by local logistics firms. Consumers in small cities mentioned one-day delays, although these depended on how close they were to an economic city, or the location of the central warehouse, as most e-firms were centralized and dispatched most shipments from one channel. This became clear because one finding was that an e-firm in the north of the UAE could deliver shipments to Qatar faster than inside the country.

Furthermore, consumers who did not respond to calls or missed a shipment had to go to the warehouse to find the shipment. In addition, nine of the 10 LSPs that participated mentioned e-stores not being a target for them. They only had facilities for large volumes with standard costs, and local logistics firms did not have the power to complete shortages of global LSP services. They handled most large LSPs, but the return process was not yet sufficient. Another issue came from e-stores. One large electronics MC store has one warehouse in the east region, although most of the demand came from the capital and east of Jeddah. Shipments had to be dispatched from there, and they delivered in three days. There were delays in entering the capital as a new policy banned large trucks from 9 am to 9 pm. One large e-store faced a major issue, as it received most of its shipments from the port in east Jeddah, but there was a delay in lead time due to the huge demand in Jebel Ali in the UAE. However, they received demands from the capital of SA and received shipments in the eastern region, and then responded to this demand by opening another branch and warehouse in the capital. They mentioned the solution of building another warehouse in the UAE port. On the other hand, some large firms have achieved self-logistics system with high consumer fulfilment level (Yu et al., 2017), to certain extent, this was achieved in one non-food firm in GCCs, however, it was considered costly, came after many experiences, and consumer fulfilment levels were moderate.

By contrast, e-stores and LSPs found it difficult to predict demand, as the north of the UAE could serve another country faster than they could locally, whether to a small or

large city. Further, the population in a large city does not reflect buyers' demands, as 8 million in SA capital, Riyadh, among 22 million inhabitants of SA total population caused some e-stores to serve another city, such as Jeddah, which is an economic city. Abu Dhabi, the capital of the UAE, not serve as Dubai less population. Some LSPs have realized the existence of cultural effects and customized their strategy as supported by (da Mota Pedrosa et al., 2015).

For instance, P7 has provided more services to businesswomen and entrepreneurs as they cannot drive, by not charging anything for collecting and delivering urgent or premium services. One large LSP, P3, redesigned its strategy and hired Saudi women to simplify some features of the current environment (Esper et al., 2003). Another important factor was cost, as LSPs had high costs for clearance and packaging. Warehouse management was an important factor that led one of the largest grocery firms to fail, due to selling online and from an office at the same time. By contrast, some consumers had had experience of small and large cities being considered similar, with the advantage that if cities had hubs, they could receive global shipments faster than others, including the capital.

### **7.5.3 Economic cities**

Economic cities are different from large cities, as they have the privilege of having more services compared with small cities, as presented in the literature review conducted in Chapter 2 (Sinai & Waldfogel, 2004; Blum & Goldfarb, 2006; Hortaçsu et al., 2009). For instance, consumers in small cities still received calls to collect shipments from the nearest office, rather than having them delivered, and those in small cities mostly had to collect from branches. The time generally estimated for local delivery was a maximum of three days nationally, five days regionally, and up to one month globally. However, some areas around small cities took double those lengths of time. The situation in the UAE was the opposite, in that local logistics firms were faster than global ones. Global LSPs focused on high revenue and volume, and most e-stores claimed that cost was a strict element of the contract. In Bahrain and Kuwait, shipments were delivered as smoothly as for small countries, even if the UAE government supported e-commerce law and local logistics firms actively with technology software. In Oman, both e-firms and consumers were fulfilled by global LSPs in small and large cities. SA had the largest population and was believed to have nearly 300 e-stores. Most consumers would have liked to duplicate the global experience and process with local firms in certain services, such as tracking systems and quality, while local and regional services had delays and

unclear processing times, involving periods of time without a tracking or follow-up process (Quaddus & Achjari, 2005). Thus, branding of global LSPs increased the trust of the majority of consumers who had accounts already. Table (19) illustrated brief of Q3 and Q4 in each category.

**Table 19 Summary table of answering RQ3 & RQ4 for three categories of stakeholders (e-stores, LSPs and consumers).**

	<b>E-firms</b>	<b>LSPs</b>	<b>Consumers</b>
<b>DELIVERY METHODS</b>	-Deliver to homes and provide click and collect. -Policies such as banning trucks affect e-fulfilment.	-Local LSPs more flexible regionally. -Standard delivery does not help B2C.	-Need precise time for home delivery. -After 5 pm. -Delivery based on calls to arrange this.
<b>GLOBAL SERVICES</b>	Still changing LSPs as services changed.	-Franchise systems differ between GCC countries and affect services. -GCC agreements need to be fully activated.	-Good on tracking. -COD still an issue, as well as language.
<b>WAREHOUSE LOCATION</b>	Large firms placed most demand far from warehouse.	Need a very high volume.	Placing shipments in warehouses is a complex process, as women cannot drive and costly due to distance.
<b>REMOTE AREAS</b>	-Deliver everywhere or as much as possible.	Follow their coverage ability.	Large city and economic city faster by one-day om small city.

## 7.6 Q5: What the cultural factors have affected e-fulfilment in GCC countries?

Some factors emerged in this study in relation to delivering to male or female customers, which cannot be excluded without looking at the interaction of some of the elements. For example: payment methods, such as how both males and females pay and use these methods and the reasons for this from the e-firms' and consumers' perspectives; language matters, and how they use the native language or deal with other languages; further, not answering calls was mentioned with regard to both men and women; and return shipments, and how each deals with these in small and large cities, whether PP or MC, grocery or non-food. Thus, from this research that cultural factors have an effect on e-fulfilment and have caused some LSPs to change their global strategy to cope with delivery approaches, for instance delivering to workplaces or collecting from branches. In addition, global

LSPs working under agents in SA have changed many of their services, such as P7 opening various branches, and P3 delivering only to workplaces.

### **7.6.1 Delivery to female**

This study found that, in general, there were no issues with delivering to women and most of them could receive a shipment as normal. This is contrary to some theories (Hofstede, 1984), and precautions could be taken by calling in advance of delivery and making arrangements for both male and female customers. Thus, no innovation solution fulfilled female segment yet, which supported by (da Mota Pedrosa et al., 2015). However, some cases in large cities suggested that dealing with this group of customers was considered risky. In SA, orders received by sons, husbands, or drivers were popular as Saudi women are not allowed to drive by law. As might cultural factor affect the realer delivery system (Lo et al., 2001) , which in SA still logistics need to meet that.

However, in other countries, such as Kuwait and the UAE, where women have more freedom, they still avoid dealing with shipment drivers, and businesswomen may be reluctant to negotiate, with drivers (Lo et al., 2001; Idris, 2007) demonstrating how a cultural effect can change a business process. Male consumers preferred to deal with them, and arranged delivery to their homes, especially in Oman and SA (Hofstede, 1984). At the same time, some findings went against this, as some men had no issue with home delivery, as long as there was an open arrangement to call, and the driver attended in uniform, with a car or a badge, or the order was received on his behalf by a driver. Calling before delivering was considered an essential issue in the logistics model in the five countries, as most consumers were in favour of this, whether male or female, but the request was not always fulfilled by LSPs and e-firms. A telephone call confirms that the consumer has made an arrangement, but, if this is missed, it means that a shipment is not delivered or goes to a distant warehouse. If an e-firm calls to arrange delivery and the call is not answered, this indicates that the consumer is not at home, and puts the delivery at risk or may result in difficulty finding the correct address. In Bahrain, the situation is worse, as shipments can sit inside apartment as if delivered. The convenience of consumers is an important factor in retail strategy (Bask et al., 2012).

Technology is another issue, as many drivers cannot recognize house numbering systems. On the other hand, female consumers often cannot use location-determined support, and may input the wrong number, or leave the email address field empty, which reflects a misuse of technology, which is not, in consequence, a helpful tool in e-fulfilment



(Rabinovich et al., 2007). Telephone numbers are considered one of the major issues here because, if they are provided incorrectly by consumers, this can lead to 'phones not being answered, wrong numbers being called, and brothers or husbands being 'phoned who, in most cases, do not know about the shipment. The previous factors have emerged as this study, which some unattended solution delivery solution hard to apply based on context (Teller et al., 2006).

Some solutions might have been offered in previous studies, such as unattended parcels, which was solved by P2, distributing five parcel stations across the capital with 78 different places secured. The plan was to reach 50 stations, and then move to the rest of the country. Consumers who cannot collect their parcels can open the secure place via a passcode sent as text message to their phones, and items can be held for a period of up to one week. Another proposal for unattended deliveries was to leave the shipment with neighbours, or leave a card, but this is difficult to apply, due, firstly, to COD being the dominant operation of transaction especially in SA. PP could not risk this, because it could lead to losing their consumers, and was considered a weakness of PP in the online market. (Ellram et al., 2006) mentioned that PP has the advantage of less capital and risk. However, there is risk of losing business in GCCs case. Postal systems are not reliable enough to leave the shipment at a neighbour's or in a box. Moreover, the box is not an efficient solution, due to the risk of theft, or the temperature climbing too high, which might damage the products (Browne, 2000).

If the item is not shipped, it will go to the local warehouse if the email and payment are confirmed, but this cannot happen globally. It can happen regionally, but for one or two e-firms only, and involves being placed on a blacklist for not responding to a call or not being available at home. If the location is not accurate and women cannot drive or give the right location correctly, an incomplete address is often provided. One large furniture store analysed Saudi families based on delivery shipments to different cities and locations as 50% conservative and about the same amount as being more liberal. One solution provided in the UAE showed higher delivery achievement when female staff were hired by firms and were able to solve half of the problems, which consider solution and support (da Mota Pedrosa et al., 2015) study. In addition, some owners and CEOs found they faced no issues apart from technology problems, such as the inability to use emails or telephone technology correctly. In Oman, the situation was not far from SA with respect to non-Omani orders, and showed flexibility in some cultural factors between Omani and non-Omani citizens. One firm in SA conducted a study and found that 70% of shipments

were received by brothers or housekeepers on behalf of women, and 30% by the women themselves in different cities. In Dubai or AlFugirah, Muscat or Salalah, Riyadh or Tabouk, the situation was similar, based on cultural factors that related to females and males receiving orders (Hu et al., 2004; Idris, 2007).

### **7.6.2 Cash on delivery COD**

On the other hand, direct delivery to the home was still considered risky, especially without making a telephone call in advance. In one case, a driver belonging to P1 was delivering two orders in SA and Dubai and underwent a bad experience, as he had been hit because his behaviour had been seen as suspicious in the neighbourhood, and had to remain in hospital for days. Further another problem happened in Dubai was that the shipment could not be received because the address was said to be wrong, even though it had not been (AlGhamdi et al., 2011). Furthermore, in most cases, drivers do not offer COD until they can confirm that the shipment is clear and, similar to the other case, one driver was locked in a room until the customers had tested the products and then released him. LSPs had a policy of delivering only, but in some cases they were forced to take an item back. Some LSPs provided a solution by only delivering to workplaces, and not delivering after 5 pm, and, in one case, after calling and sending three text messages, held an item in the branch for collection. This would not work with the culture in GCCs to meet demand and fulfil consumers. Moreover, some LSPs avoided entering small cities based on the families there being strict in their traditions - not strict under Islam, but strict in their cultural habits, which was why LSPs firm chose to leave one city to avoid any business conflict (Idris, 2007).

This research discovered that some grocery and non-food e-stores were owned and managed by businesswomen, and that some factors in small cities in the five countries were considered similar, based on culture and tradition. Delivery to females or males crossed over such factors in the findings, and COD was preferred as a payment method by most consumers for different reasons, such as the issue of trusting a website, and the unavailability of payment devices with delivery staff. Having a payment facility was a condition of service that SMEs did not have. Further, banks took a percentage of the transaction for transferring money from e-stores, so most e-firms wanting to follow consumers' desires avoided costs with a quick return or exchange if needed. In addition, some studies conducted by P2 found that 80% of its customers preferred to deal with cash,

rather than the alternatives. Although there were risks with COD, they could be covered by a high sales volume. The risk on COD was considered high, although not for deliveries that were not received, as drivers carrying cash might suffer from theft or loss of the money. In addition, COD, payment transfers and payment by new methods were three solutions that were applied differently across the five countries. In Kuwait, K-net was one solution authorized by the government and accepted on websites, which solved the issue and was widely used. In the UAE, three banks provided e-wallet and links with some e-stores. Bahraini consumers preferred credit cards, and collecting items from stores. COD was considered popular in SA with both consumers and e-firms, as it allowed those who did not have credit cards or bank accounts to enjoy e-shopping, when not having a credit card is supported by the Islamic law of not having interest, and is the case for the majority of consumers. EC has four important elements : ordering, billing, making payment and order fulfilment. However this study found that ordering was not clear for most consumers, due to too much questions being asked, and e-firms being unable to understand the issues, and payment methods were still not authorised, particularly in SA and Oman (Chen & Leteney, 2000; James & Hopkinson, 2001; Geuens et al., 2003).

E-grocery firms preferred COD, due to exchangeable products, and they often needed to change money quickly for consumers. A study by the largest grocery firm in the region, revealed that 60% of customers preferred to deal with cash for online delivery, click and collect, or traditional shopping, which may have reflected two aspects: cultural habit, or needing an alternative to card use for trust or time issues (Šalhūb, 2002). On the other hand, trust was on the list, and most consumers wanted to have their shipment as quickly as possible, rather than sending money and looking for firm names in order to make a transfer, then waiting for the firm to confirm (Kirkpatrick, 2002). Instead, they chose to pay 10 SR extra to shorten the long process and receive their products quickly. Some firms understood this, as firm names are sometimes not the same as organisation names, which often confuses consumers when making transfers. They need to check with the firm that they have the correct name to apply to the right shipment and price. However, a few firms preferred not to deal with COD, as they believed it carried a risk and was a waste of time, especially with the current state of the postal system, and that shipments might not be delivered simply because consumers had not answered. Hence, some LSPs do not offer the option of COD in their operation (Straub & Klein, 2001). Lack of trust from consumers emerged when the government, not recognizing EC, started providing licences for e-stores, but most SMEs avoided these licences, because they had to hire

premises at too great a cost without any benefits. This was revealed in customers' frequent requests for COD to be available before purchasing any products . In addition, the logistics model was still confusing for most consumers, even for e-firms, as another of the most frequently asked FAQs was how long a shipment would take to arrive (Šalhūb, 2002).

Payment online or by COD once at item has arrived is considered in the next section, but most consumers and e-firms mentioned they had to pay when they received a shipment, due to Customs charges, and were generally confused about extra payments if the vendor or the LSP had not stated anything prior to delivery.. In Oman, e-firms and consumers were mainly fulfilled by the global service and to a certain extent by the local provision.

### **7.6.3 Language**

Most global LSPs did not use the Arabic language in their systems when they connected with consumers, which caused other issues. For example, if text messages were received in English, or if they were sent in Arabic, most drivers were non-native speakers and could not speak Arabic, which explained why addresses in Arabic were not as clear as they might be in English. However, appeared in the course of global shipments that consumers could not speak or write English, and needing to exchange or return an item placed them in a difficult situation. (Moertini 2012) encouraged the learning of English language, particularly regarding B2B, which not help of ECF in B2C. Local logistics firms and drivers could solve the problem, but needed to have approval from e-stores. Language issues emerged once e-stores declared that most consumers would not read delivery information in Arabic, while on the other hand, consumers mentioned that websites had clear information about shipment details, but one factor that was missing was when exactly they would deliver items and by whom. In general, consumers of different ages still bought as COD and enjoyed shipments made both locally and globally (Bjerke & Al-Meer, 1993; Al-Gahtani et al., 2007).

### **7.6.4 Return shipment**

Return shipments are strongly linked with COD and language, and have a different process locally and globally in small and large cities. Generally speaking, the reverse logistics process is considered a new process, with separate costs and operations in the GCC online market. Culture plays an essential role, as LSPs have a logistics model in which returns cannot be received and are considered as another line of operation.

However, one driver on the staff of P1, working in Riyadh was forced to wait until a shipment had been checked, and there was another experience in Dubai, in which a woman received a shipment and tested it during the return period, which consider culture factor and EC in development process (Gibbs et al., 2003; Idris, 2007; AlGhamdi et al., 2011). For example, P5 could ship to the UAE from SA without any returns, which were considered lost, as Customs on returns would be very crowded and cause delays. LSPs tried not to become involved with returns, but could not avoid them due to COD and consumers not paying until they had confirmed the shipment. However, local returns were considered to be easy compared with regional and global methods. Deliveries made locally were faster than others, with the option of COD, and consumers in large cities could return items quickly if it was urgent. Globally, returns were affected by language and cost, which made the cost of returns higher than the products themselves, plus shipment costs. Some LSPs provided services to import products to e-firms, such as gathering different products from different stores to ship once to a postal address abroad linked with the same address in GCC countries, but the popular ones, like P2, did not provide a returns service (da Mota Pedrosa et al., 2015).

Global return shipments were considered costly, but in Kuwait the government-organized postal service was the cheapest among the five countries, and delivered items quickly and in good condition. Three elements affected return shipments: price, policy and flexibility, and none of the e-stores and LSPs, whether local or global, applied this, based on the findings and the factors affected (Xing & Grant, 2006; Loginova, 2009).

### **7.6.5 Guarantee**

Therefore, consumers preferred not to risk global purchases unless there was a guarantee. A guarantee was considered as a 100 \$ one-off tariff, which consumers from Kuwait denied receiving if the products were fake to had to be returned. Local e-firms tried not to encounter this risk and to deal with returns. Regionally, if a customer was not happy with a purchase, another item was sent, and the first one was considered to have been lost (Brynjolfsson & Smith, 2000). Insourcing returns involved a less complex process, and some firms gave drivers a 24-hour open returns policy, while other drivers kept shipments for three days for delivery and returns. Nonetheless, global e-firms needed to send confirmation of the issue and, once agreed, the consumer had to go to the LSP, if an office was available in the city, to ship the item. Further, some e-firms sent another item via the LSP, for a further cost, and waited for the old one, usually for two months. Returns occurred a lot with local shipments, as there was no tracking system and, if provided, it

might not be correct, as in most cases consumers had denied receiving a call from the LSP, and the LSP had confirmed there was no answer, so some e-firms needed to hire a driver to make the delivery and avoid losing customers. In general, returns were considered to be lost, without any questions asked, by most e-firms locally and some regionally. Some e-firms, particularly e-grocery firms, returned the money, excluding the cargo cost (Cairns, 2005). In Bahrain and Kuwait, local returns were not as hard to achieve as in SA and Oman, and e-firms there accepted returns under some conditions. Something similar could be shipped, provided the person attended, or called to return it, and the cost was determined based on return issues. In the UAE, returns from global LSPs were not considered to be processed efficiently, but there was now a law that stood between the consumers and the e-firms. Global LSPs had a weak process and inequalities in shipments, which local logistics firms achieved using technology follow-up, maintaining conditions and being quicker.

The LSP process was not designed to be flexible for e-store shipments, as returns were considered to be complex and to cause delays, as some LSPs had different operations based on region and sales departments that were separate from their logistics department, so the process took a long time perhaps as long as a month, which affected EC fulfilment (Delfmann et al., 2002). Thus, Table 20 provides brief points of finding from question 5.

**Table 20 Summary table of answering RQ5 for three categories of stakeholders (e-stores, LSPs and consumers).**

	<b>E-firms</b>	<b>LSPs</b>	<b>Consumers</b>
<b>DELIVERY TO FEMALES</b>	Considered normal over the five countries.	Some of them changed their strategy to deliver to homes or offices based on cultural factors.	-There is the option of e.g., a brother or driver to receive a shipment on a woman's behalf. -Arrangement call considered better.
<b>CASH ON DELIVERY (COD)</b>	Some firms approved of this but others considered it risky.	-Most try to avoid this. -Deal with it as they respond to demand.	Preferred by most consumers.
<b>LANGUAGE</b>	Local firms achieved this in each country and region.	Still using English language for communication.	Not prefer rather than their language especially when location not determined for delivery.
<b>RETURNS</b>	Loyalty programme to offer an additional free shipment.	-Try not to get involved, except for COD. - Returns are mostly damaged.	-Locally: possible. -Globally: considered too difficult due to cost and process.
<b>GUARANTEES</b>	An additional shipment to retain consumers.	Follow the rule of 100 USD.	Some global shipments considered expensive, as

			they are more than 100 USD.
<b>FREQUENTLY ASKED QUESTIONS</b>	Time of delivery	Time of delivery	Need to know shipment time as global one.

## 7.7 Recent literature

This thesis and study were conducted over five years. The literature review discussed in chapters 2, 3 and 4, which set out and informed the RQs, was by necessity, completed in 2016. However, the researcher has examined the literature since then, until the end of 2017, to establish if there are new sources that may support or refute the findings.

The researcher has gone through the literature reviewed from 2015 to 2017 and found key elements in papers that provide solutions regarding e-fulfilment. It was found that no study has examined e-fulfilment theoretically from the comprehensive perspective of e-firms, LSPs and consumers, as this study has done. Therefore, such papers provide solutions that come from omni-channel, last mile, innovation logistics and the development of supply chains. However, scholars whose work is related to this study have been added and their work critiqued in the literature review and discussion chapters.

Some of the findings from new papers, key findings of which are illustrated in the table below, can only enhance the implications of this study and might determine e-fulfilment. Table (21) shows the most recent articles from different journals and illustrates their influence on this study.

### 7.7.1 Approach

The researcher conducted a search on the Saudi Digital Library (SDL), which gathers different popular journals, and on Google Scholar, Business Source Premier (EBSCO), ProQuest, Emerald, and Web of Science, using the following keywords: “e-commerce logistics”, “commerce AND logistics”, “e-fulfilment”, “logistics fulfilment”, “logistics and fulfilment”, “e-commerce logistics in GCCs”, and “e-commerce fulfilment”.

### 7.7.2 New articles

Table (21) shows articles that present some key aspects of e-fulfilment from different perspectives. The table shows articles published in 2015, 2016 and 2017 that offered recommendations, whether new domains such as omni-channel or logistics solutions. In terms of consumer behaviour, (Leeflang et al., 2014) investigated the online environment and focused on behaviour as one factor that should be considered. Consumer behaviour

is considered to be an element that might help in online fulfilment, as this study found that cultural factors are potentially important because consumers are still confused by e-fulfilment. In addition, (Verhoef et al., 2015) explained that OC is considered a new concept in e-commerce and discussed the move from OC to MC; this study focuses on PP and MC. Implications with regard to the extent to which OC can be achieved in the GCC market is discussed in a later part. Moreover, (Huseynov & Yildirim, 2015) reviewed B2C behaviour from 2005 to 2014 and found consumer behaviour needs to be responded to by providing various online tools to help customers make decisions, while this study has comprehensive results that behaviour can play an essential role, such as in WOM, clarity of the delivery process and using customers' own language in the process.

**Table 21 Some of the key articles of literature review from 2015-2017.**

Year/Author	Finding	Impact on my study
Leeflang (2014)	Focused on challenges regarding digitalisation and consumer affect.	Focused on online and recognised consumers as an important factor, whereas this study illustrates that behaviour and culture potentially have effects on e-fulfilment.
Verhoef et al. (2015)	Discussed the change from MC to OC and movement from MC to OC.	Considered MC moving to OC and mentioned that few studies discussed OC. My study begins before that and implications from OC are illustrated in section 2.2.7, in the explanation of the next part and in this table.
Huseynov and Yildirim (2015)	This study peer reviewed 208 articles from 71 journals between 2005 and 2014 that focused on online behaviour issues.	Recommended further research on B2C behaviour, which supports recognising consumer behaviours by providing more tools to help customers make decisions. Thus, this supports the result of this study.
(Hübner et al., 2016)	Focused on omni-channel solution of last mile of grocery retailers.	Found that OC grocery can succeed depending on the country, the customers and the specific retailer to achieve the last-mile issue. Thus, this supports my result of new solutions needed in the GCC market. However, based on the results, recommendations such as warehouse automation are difficult to apply in the GCC online market.
(Pang, 2016)	Explained some e-fulfilment processes of pure-player e-tailing based on a systematic literature review.	Presents the model from (Xing & Grant, 2006) and online quality to make efficient e-fulfilment. However, this study illustrates that other factors, such as culture, can affect e-fulfilment.
Brekalo and Albers (2016)	Demonstrated the effectiveness of outsourcing in e-fulfilment.	Outsourcing needs to provide solutions and support the fulfilment of consumers and firms. This study found that global brand LSPs do not provide innovative solutions, particularly for B2C.
(Nguyen et al., 2016)	Focused on consumers' behaviour in online retailing.	Discussed fulfilment of consumer online behaviour only in a systematic review of the literature from 2000 to 2015, and found that consumer behaviours need more study. Offline



		needs to be covered in future studies, as this study has done.
(Jain et al., 2017)	Implementation of supply chain in e-commerce.	Some large firms have found solutions in self-logistics systems. Thus, self-logistics was achieved by non-food retailers in this study but is still a costly experience and testing differ of logistics system.
(Yu et al., 2017)	Updated the implementation of e-fulfilment in logistics.	Focused on the Polish market and found that fulfilment needs to respond to consumer and market demands. This study agrees, as one-day delivery and tracking need to be available while taking account of cultural factors.
(Kawa, 2017)	Studied the Chinese market and considered such factors as operations and IT talent.	Understanding logistics systems and operations details can help determine e-fulfilment. This study supports this, as a logistics model was not recognised from the beginning.
pp. 175/176/177/178/179/180/181/182/183/186/188/191/193/195/196/198		

Furthermore, (Hübner et al., 2016) focused on the last mile in omni-channel fulfilment and provided such solutions as a country fulfilment system and a structure based on e-grocery, which in this study not discussed OC in depth. However, last mile is still an issue in the GCC market and relies on road and air. From the results, some e-grocery firms provide a model using different sources, as illustrated in Figure (21).

In this study, e-grocery was found to face the issue of deliveries affected by high temperatures, and warehouse automation was considered at an early stage. Solutions derived in recent articles have not provided full e-fulfilment for the GCC market, as cultural factors considering female dealing with them and understand consumer demands. Hence, unattended deliveries and solutions derived by scholars still do not meet the environment and structure of GCC geography. Costly solutions are derived in a study by (Yu et al., 2017), in that self-logistics can be achieved in some large firms. This is similar to the result in this study, as assemble costly logistic system comes after many different trials.

### 7.7.3 Impact of new literature

Fulfilment is meeting demand and providing convenient transactions. Thus, by examining PPs and MCs in the literature and investigating the field in five countries, further review of the solution that had emerged from recent scholars, it could be that challenges do not have full solutions, as e-fulfilment needs to cover various stages. In addition, culture is not mentioned in the literature as a potential factor. Further, transportation and policy changes have been found to have an effect on e-fulfilment in this study, which is limited

in previous work of other scholars such as discussing one segment as an e-fulfilment factor.

Recent studies have discussed each category from only one viewpoint. Solutions for firms might help; however, consumer demand and cultural factors also have potential that should be considered. Omni-channel provides a variety of consumers and last-mile solutions, whether from e-grocery or multi-channel.

On the other hand, deliveries need to be at the right time and in the right condition and quantity. The solutions provided also have to meet consumers' needs and understand the environment, for example in relation to infrastructure, transportation and software development.

Therefore, some implications might help the results of the study, such as discounting the price of delivery or increasing the number of distribution centres (Hübner et al., 2016). Lorry access also has an influence on delivery and time. Some official policies might affect this, as it was shown in this study that lorries are banned from entering some cities. Furthermore, self-logistics systems have been achieved in some large companies, which might help other large firms. On the other hand, although click and collect could be a solution, it might only support the results of the study in small countries (based on distance) in the future with regard to omni-channel e-grocery in the GCC market. Finally, providing a secure payment method could be beneficial to e-fulfilment (Huseynov & Yıldırım, 2015).

## **7.8 Summary**

This chapter discussed critically ECF in five countries in the GCC online market from different categories (e-firms, LSP and consumers), and from e-grocery and non-food items in relation to local and global logistics operations in small and large cities. The research implications will next be discussed in more detail, together with its contribution to the knowledge and the conclusions.

Chapter 8: CONCLUSIONS,  
CONTRIBUTIONS AND  
IMPLICATIONS, LIMITATIONS, AND  
SUGGESTIONS FOR FURTHER  
RESEARCH

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## **Chapter 8: CONCLUSIONS, CONTRIBUTIONS AND IMPLICATIONS, LIMITATIONS, AND SUGGESTIONS FOR FURTHER RESEARCH**

### **8.1: Thesis Summary**

This thesis has investigated electronic commerce fulfilment in five countries in the Middle East (Saudi Arabia, the United Arab Emirates, Oman, Kuwait and Bahrain), which share a similar culture and the same language and religion. Three objectives and three categories were identified during the course of the study. The conclusions are presented in this chapter as a summary of the study, together with the contributions, implications and limitations, and suggestions for further research.

The first part of the chapter presents the results of this thesis (Alvesson & Deetz, 2000),

*“Through making it clear that it is not an objective picture of social reality but a set of impressions and interpretations produced by a situated person, and characterised by feeling, imagination, commitment and a particular pre-structured understanding associated with education, intellectual heroes, etc., the reader is reminded that what is offered is one story – at best empirically sensitive and well-grounded, and full of insight and theoretical contribution but still open to other reading, and informed by other perspectives, interests or creative powers” (p.136).*

Chapter 2 classified the enquiry of the study in three areas: electronic commerce (EC), logistics with an interaction with EC, and an overview of EC and logistics, beside PEST analysis of the GCC. E-fulfilment was reviewed from the point of view of each discipline. E-fulfilment is an essential element after ordering until the delivery has been completed (James & Hopkinson, 2001). Another definition (Mangan et al., 2008) is that logistics ensures the right shipment is delivered at the right time, in the right quantity, and in the condition ordered. This study can add to the definition convenience and optional provision of delivery, and a clear process of easy returns based on cultural factors.

Three key issues, based on retailer strategy, structure and buyer preference, are found in most e-commerce logistics, which demonstrates how some factors of e-commerce logistics relations need to be considered and studied. As groceries have been richly discussed in scholarly research with regards to B2B, this study has reviewed many of the related journals and articles, and found a lack of logistics and e-fulfilment in various category and especially in the GCC region. In addition, it takes into account the active market and highest number of internet buyers (for example, EC value in six Middle East

countries, including SA, UAE and Kuwait, is \$7 billion \$), and the increase number of firms, whether PP or offline, shifting to online. Indeed, since beginning this thesis, these numbers have increased significantly; for example, from 90 in 2013 to more than 400 more recently (Mothoq, 2014). In addition, the five GCC countries considered in this thesis are in the top 50 of the World Bank, and LPI showed three countries' achievement, such as UAE (World Bank LPI, 2014).

This study has used an inductive approach to explore e-fulfilment in firms (PP and MC) and consumers from large and small cities, including females and males equally, to measure services and cultural effectiveness.

The results of this empirical study emerged from semi-structured, face-to-face, telephone and Skype interviews with representatives from 27 firms. There were 10 local and global LSPs and 16 consumers. In total, 53 interviews were conducted and written up in English and then translated by an external specialist in linguistics to enhance the validity of the results.

Qualitative and semi-structured interviews were used, using an inductive approach, as being most suitable in this instance., Moreover, surveys tend not be completed or favoured by senior managers in the Arab region, and it should be remembered that this study had a sample containing e-firms and LSP managers (Muna & Simmonds, 1980).

The study discussed e-fulfilment, combining e-commerce and logistics fields that enhance consumer satisfaction. However, B2C needs more study by logistics scholars (Bask et al., 2012).

In the literature review chapter, three main topics were classified as electronic commerce, and the interaction between EC and logistics with PEST of GCCs countries from different aspects. Such theories have investigated B2C and this study examined the related research (Quaddus & Achjari, 2005; Al-Nawayseh, 2012), which first classified the factors of internal and external elements as success and failure. Grant developed the e-PDSQ model, which contains four factors and 16 constructs. (Al-Nawayseh, 2012) conducted a recent study in Jordan in the grocery segment, and found that click and collect was most popular among Jordanian consumers.

The ways in which the objectives were achieved are explained in three categories. There follows an illustration of the contributions of the study to the field of knowledge, and suggestions regarding how practitioners could consider some of the results that emerged,

in order for them to be taken into account when they have to form a strategy for working in the GCC market, whether as PP or MC firms. The next section outlines the implications of the study, what limitations existed, and the window left for further research.

Further, e-fulfilment has one aim: to satisfy consumers, which requires organizations to develop appropriate logistics business models using clear processes. A shipment has to go from the “origin to the consumption” at the right time and in the right way (Xing et al., 2011; Mangan et al., 2008). However, any error in the process, such as not having an appropriate logistics model, can have an immediate effect, whether for insourcing or outsourcing. Furthermore, it is possible to fail, as the results show from the largest grocery retailer, due to warehousing, different branches, and drivers working as separate entities, which has a major effect on consumers. Most scholars have focused on Western theory and practice (Grant, 2012; Gerald & Grégory, 2013). However, others (Hofstede, 1984) have mentioned culture as having a strong effect, as it ties people together based on religion, language and traditional roles. Thus, most previous studies have considered ECF, but this new study reveals factors that have emerged that provide answers to the research questions and contribute to the academic field in this area. The answers to the five research questions are outlined below before the conclusions of the study are presented.

## **8.2 Conclusions regarding the Research Questions**

The first chapter presented five questions concerning “what”, “why” and “how” in order to answer the three objectives of the thesis (Watson, 1994). The questions were developed in order to facilitate the research journey, and shaped to fulfil the research objectives. The questions were also designed to fill the gap in the knowledge relating to e-fulfilment in GCC countries, as mentioned in the last part of the literature review in Chapter 2. Chapters 4 and 5 answered and discussed the research questions in detail. The study applied a qualitative approach, using an inductive method through semi-structured interviews to gain an in-depth understanding of the phenomenon of e-fulfilment in GCC countries and reflect a wider view of social phenomena. This approach led the researcher to pay attention to the inclusion of sensitive information, such as culture and religion. The methodology was supported by a qualitative method and semi-structured interviews to determine the collection of appropriate information. Rich data were gained from different perspectives from the three categories of e-stores, LSPs and consumers, as discussed in Chapters 5 and 6. Thus, the rich data enhanced the discussion in meeting the thesis objectives. The approach assisted in addressing the three main objectives and providing more understanding of the e-fulfilment phenomenon in the GCC region from different

perspectives. The thesis has classified the five questions as grouped by the three objectives, illustrated below.

### **RQ 1: What model of ECF is used in pure player and multi-channel firms?**

Choosing an e-fulfilment model is considered to be a late phase for most firms, whether large or small, pure player or multi-channel firms. Selecting such a model involves choosing whether to insource or outsource, and setting the quality of shipment and conditions standards. The success or failure of firms comes from the first trial or last stage of continuous testing. A logistics model is not part of most firms' strategy priorities, as shown in most e-firms needing to improve their supply chain plans, and their failures when conducting their first tests. However, some grocery firms have successfully followed such a process, which is costly but works with one LSP, or uses two LSP methods. In addition, non-food retailers often decide to adopt two methods of LSP services, using local drivers inside their own city, and outsourcing others. Therefore, accounts in the literature and previous experience might help firms, particularly e-grocery firms, when moving online, as this needs a lot of investment and a focused strategic logistics plan (Tanskanen et al., 2002; Al-Nawayseh, 2012). Moreover, both large and small retailers still struggle with warehouse management, as warehouses are often placed in a different city that has most of the demand, or there is just one warehouse in a city, without considering, for example, that women are not allowed to drive, or that warehouses are placed too far away for some consumers. The car is the only transport available in most of the five countries, excluding Dubai, which affects lead time and ECF. Quality, loyalty and condition are linked, and emerged as major issues for consumers, as they still did not trust the delivery and payment procedures, and would have welcomed substitution with a more trusted process. Thus choosing the option to pay with COD to assured shipments were received at their convenience was popular (Quaddus & Achjari, 2005).

Heavy reliance on road and air has led to more pressure regionally, and for distant cities, such as in SA and Oman, air travel is costly and roads follow the LSPs' B2B standards. Returns have been requested (Xing & Grant, 2006) but are not thought to be possible, and are not offered, a strategy which has been successfully applied in e-grocery by e-firms, and is followed by most pure players to maintain loyalty and avoid long procedures. Both firms and consumers preferred to avoid returns, as firms might lose customers because of the long process of returning goods and, from the consumers' perspective, they tend to avoid unclear processes. Rather than accepting returns, PP gives the consumer another free shipment based on the loyalty concept, which Amazon.com consumers pay extra to

buy. PPs apply this to maintain loyalty, as the risk of failure is higher for them than for MC firms (Brynjolfsson & Smith, 2000). Technology is not considered a helpful tool, and emerged as a disadvantage, as websites and procedures were not clear, and forced most consumers to have to ask for delivery times (Pecquet et al., 2008).

Furthermore, LSPs focused on B2B, had software written in English, and did most of their studies based on the B2B experience and applied that to consumers. Hence, the relationship between firms and most LSPs does not help ECF. Furthermore, LSPs did not provide innovative solutions based on B2C, which can help in such factors as the returns process and cultural barriers. UAE firms have reached a higher level of ECF, as women are hired there to deal with critical issues and solve them immediately.

## **RQ 2: Is the e-fulfilment process effective and efficient from a logistics and supply chain management (SCM) perspective?**

The intention to change and develop supply chain operation plans in the majority of e-firms and LSPs could indicate that e-fulfilment has faced some issues and fulfilment has not yet been achieved. The empirical study showed that same-day delivery was not yet available in the five countries, in small or large cities. However, it might not be e-firms' fault that e-fulfilment is affected, as in most cases LSPs were not clear with regard to their processes, as they kept changing from one firm to another, and from one group of consumers to another. In addition, firms and consumers have different experiences when dealing with the global LSPs, based on service and price difference. Thus, global LSPs in SA have different processes and prices than the other four countries. From the empirical study, one firm had tested most LSPs and local drivers, and reached the conclusion that it should hire and design a new team, and then bought a software system for GBP 25,000. Restructuring a logistics plan might be costly, but it could have a high return, as in P&Q's successful experience. However, confusion can develop after such testing without thorough study or LSPs changing rules (Grant, 2012).

Grocery retailers have to apply an insourcing model, as the alternatives are costly and they must ensure that the condition of non-perishable products is acceptable. One grocery pure player achieved such a model for moving produce from farms to consumers, by using large lorries, which were considered a high investment, as air cargo was not always on time and the firm had to take into account the high temperatures and traffic congestion in the region (Boyer, 2001; Kirkpatrick, 2002).



### **RQ 3: How does ECF differ between locally purchased and international transactions in the GCC market?**

It's been found that local and global e-fulfilment in GCC countries mostly relied on importing, and that this had a relation with some B2C processes. LSPs' dealings in SA were different from those in other countries, as previously explained. This affected some e-stores, as it was found that some global LSPs operated differently internally from the way they functioned globally. The e-franchise system has not yet been applied in SA, which has led to some e-stores dealing with one global name to import shipments and deliver them to the warehouse, and using another active internal LSP for distribution, as it was found that global brand services were different internally compared with externally. In general, global shipments and approaches were better than local ones, due to tracking and accuracy of shipment time. Local logistics have competitive in UAE and regionally.

Understanding the culture was an essential role of this type of firm, as they collected as requested and delivered using local drivers in other countries to keep costs acceptable.

A few global LSPs provided extra services, such as collecting goods from warehouses for female customers, but there were still not enough of such services available for women.

Road traffic between countries and some policy applied affect e-fulfilment. GCC Trade Agreement need to be activated in e-commerce comprehensively.

Some consumers provide local and global LSPs with a PO Box number in the US or UK, and consumers wondered why they do not have a similar service in their countries. In Kuwait and SA, there was an extra annual charge for having a unique address. Although some consumers fulfilled this requirement and subscribed to such an address, more than half of consumers were not yet fulfilled in this regard. Global shipments had clear processes, which local ones did not follow, such as the accurate tracking of shipments, clear procedures for deliveries and returns, and confirmation of shipments.

Customs were different in each country. Some shipments were received damaged, and both customers and consumers found it difficult to know who was responsible, as most cases fell between Customs, the LSPs and the shippers. This had led some retailers to take precautions, such as taking pictures of shipments and products before sending them and confirming once they had been received. Unfortunately, it was found that LSPs did not take care because Customs could not open a shipment unless the receiver was present. In addition, the guarantee had a unique tariff of \$ 100, which in most cases was not sufficient

if an item had been damaged or lost. In large cities and countries such as Oman, Kuwait and Bahrain, fulfilment was much better than in other countries and cities.

#### **RQ 4: Are there differences between large and small cities in receiving local and global orders?**

Delivering to cities was one of the advantages of using global LSPs, as they had a greater ability to do this than local logistics firms. Local logistics firms operated some sub-contracts from global LSPs to cover an area in a large city that was the busiest in terms of orders. The quality of shipments was affected by the transfer of work to sub-contractors, as some stores found. Therefore, according to the findings, local and global shipments relied on warehouse location and shipment returns, which did not apply to small countries such as Bahrain and Kuwait. Same-day delivery was launched in Dubai by global LSPs, but was stopped as they claimed there was an enormous demand but an unresponsive service to answer it. Grocery not have fully support from LSP with overall from consumers of tracking system.

Some issues occurred regarding deliveries and returns, particularly as women are not allowed to drive in SA and have to wait until their drivers return. In addition, women needed more time to collect items from the LSP office, or have someone handle items on their behalf. Returns were considered a difficult issue for consumers as they wanted to check products before paying. This point was considered somewhat risky, as freelance drivers or staff were not responsible for this transaction.

Warehouse location and delivery to small and large cities were found to affect e-fulfilment, not only for deliveries, but also for returns. As logistics strategy not follow firm stagey and cities beside hubs have an advantage of time of delivery globally. In addition, return globally consider costly firms side and keep loyalty for alternative.

Payment gateways led to payment by credit card, and this practice was followed in Oman, Bahrain and, to some extent, in the UAE. In addition, three banks and large online stores in the UAE had activated transfers to consumers' e-wallets (e-accounts) from their credit cards. Secondly, easy solutions, such as K-net in Kuwait or COD were considered risky but were favoured by most consumers, even with an extra charge, as they shortened the lengthy transfer times and were trusted by and popular among younger people, as they could not have a credit card or bank account. It was interesting that small and even large firms followed this trend to avoid long procedures and percentages taken off such transactions in charges, and accepted the risk because of the high demand for this service.

## **RQ 5: What the cultural factors have affected e-fulfilment in GCC countries?**

Five factors were involved in answering this question: cultural factors and the extent to which they affect e-fulfilment, COD, the difference between delivering to females and males, how language affected this, and the level of trust in behaviour, such as answering calls. Culture played an essential role in e-fulfilment in the GCC countries' online market and it was found that delivery was preferred. Most previous studies have considered various elements without mentioning cultural factors such as language being different in the various regions, and traditions followed in society, which emerged from this study and have been explained (Al-Nawayseh, 2012); (Xing & Grant, 2006; Al-Hudhaif & Alkubeyyer, 2011); (Quaddus & Achjari, 2005).

As mentioned previously, COD was preferred as a method of paying, whether online or offline, particularly in grocery, as exchanges happened frequently. Delivering to men or women had to be pre-arranged to avoid cancellations or items being undelivered. In general, it was found that deliveries to women were considered normal, whether in SA or one of the other four countries studied, in small or large cities. However, the findings also showed that businesswomen would not enter into long negotiations with LSP staff, such as assigning a new agreement or changing a current one, so e-stores in the UAE filled this gap by hiring women to conduct all transactions that related to female customers and achieved a higher level of success than other countries. Pre-arrangement of deliveries was important in order to prepare consumers or their relatives to receive shipments. This transaction was applied in the five countries studied, as women often needed to make arrangements and, in most cases, their sons or drivers collected on the women's behalf.

E-fulfilment in GCC countries showed some factors to be missing: language, as drivers had to speak Arabic to understand and reach locations quickly; technology tools, such as text messages or emails had to be in the same language; and, finally, confirmed attendance or attendance on a customer's behalf, as an unattended option was not available, and returning shipments with COD was considered costly for firms. On the other hand, it should be taken into account that technology has a negative side, as locations could be difficult to determine because women, who are not allowed to drive in SA, were often unable to give directions. Based on the findings, e-stores who outsourced their operations worked hard to allow consumers to track local shipments, as LSPs did not cooperate because deliveries followed standard rules, with advantages given to e-firms in the UAE. However, calls to consumers not being answered were the result of different elements.

The first element was addresses not being recognized, due to consumers not providing complete addresses. The second was incorrect contact numbers or changes to numbers, mostly in the case of sons or brothers, who were to accept deliveries on behalf of others, but who did not have any information about the shipments and were not at home or the specified location. Lack of ability to use technology such as emails was another factor that could influence the fulfilment process. Consumers' habit of not answering their telephone led to two important outcomes: confirmed shipment times not occurring because most consumers had not received a call; secondly, cash on delivery (COD), the consumer not paying this until the delivery had arrived. WOM played an essential role in affecting PP services, which had led to some large firms providing their drivers with three-day delivery periods, which was considered costly to them.

The five countries in the research dealt with COD, which was related to policy and behaviour in the form of trust. The UAE was the only country that had a clear procedure for EC law and all rights reserved for the different parties, whether firms or consumers. This policy led consumers to trust websites that offered COD. Dealing with COD was popular, as exchanges could occur quickly. COD also played an essential role in speed of delivery, as e-stores normally waited to receive payment, whereas this method accelerated the process, despite an extra charge.

Return shipments had a strong relation to the geography of cities, as SA and Oman, in particular, extend horizontally, and the districts are not as close to each other as they are in small countries such as Kuwait and Bahrain. The previous reason was one of the failure factors for the largest e-grocery firm in the region. In large cities in SA, local drivers were distributed around their district and undertook deliveries, as they were experts at this, a few e-stores having an unwanted monopoly. Some e-firms made the operation of returns run smoothly by using the same drivers, but that was not always possible to achieve.

### **8.3 Contributions of the Research**

The contributions are an essential factor for PhD study, and the contributions emerging from this thesis offer new results that can add to the literature. In addition, the process represents how studies build on each other to enhance a field through their various contributions. As stated by (Phillips & Pugh, 2005), a contribution “is the evaluation of the importance of the thesis to the development of the discipline” (p.59).

The contributions of this thesis are composed of two parts: the first is in relation to academic researchers, and the other considers practitioners dealing with e-fulfilment in Gulf countries, whether as online PP or MC firms.

### **8.3.1 Theoretical Contribution**

This research has contributed to knowledge based on a number of essential factors. As there is limited B2C study in logistics, this research tries to fill the gap of investigating B2C from a wide range of samples, whether as consumers or logistics managers. Thus, this study has investigated e-grocery and non-food firms, on which there is limited literature. In therefore, this study fill the gap of not considering one channel or one category (Al-Somali, 2012; Hübner et al., 2013), and cover more requirement in PP and MC in different context (Agatz et al., 2008). Thus, this study contributes a new approach based on the sector and new environment. Moreover, cultural factors are considered factors in e-fulfilment, which is something that previous studies overlooked. For example previous study (Al-Hudhaif & Alkubeyyer, 2011; AlGhamdi et al., 2011) have consider e-commerce from one marketing point or either B2B or focus in LSPs (Sohail & Al-Abdali, 2005) ,which this study have consider e-commerce from logistic side and various categories such as firms and consumers. Thus, success factors have added to the study of Quaddus and Achjari (2005), and even different challenges such as culture factors are considered one of the success factors in using language in communication and software. Further, considering logistics planning based on the current environment is a new approach. Thus, challenges come based on the payment and non-stable policy for truck and logistics firms and postal system. However, most previous studies mention behaviours and consumers from B2B or B2C, whereas this study investigates how cultural factors from various aspects such as behaviour, religious rules and strict tradition affect e-fulfilment. Therefore, the idea that internal and external factors have influenced e-fulfilment can contribute to the knowledge.

Internal factors consider the logistics model and firms' decisions, such as a logistics model not being considered a priority based on strategy and cost that brought about consumers' fulfilment. Choosing insource based on consumer preferred as female can't drive or location of warehouse far distance, which previous study not such cultural factor .Hence, choosing the LSPs based on services showed that they could meet consumers' requirements. Xing and Grant (2006) mentioned delivery to consumers at a specific time in non-food companies; this study has noted that e-grocery delivery has to deliver to consumers, once requested with a determined location of delivery, within 24

hours in high temperature environment. On the other hand, in global trade shipments are available, but there are some external factors that affect them such as customs or payments system.

External factors include things such as the inaccurate postal systems in large countries such as Oman and SA. In addition, confirmed delivery, in particular with regard to females and received the payment fully. Transportation considers limit based on roads and strict policies affect road movement and delay the process (Al-Gahtani et al., 2007) .

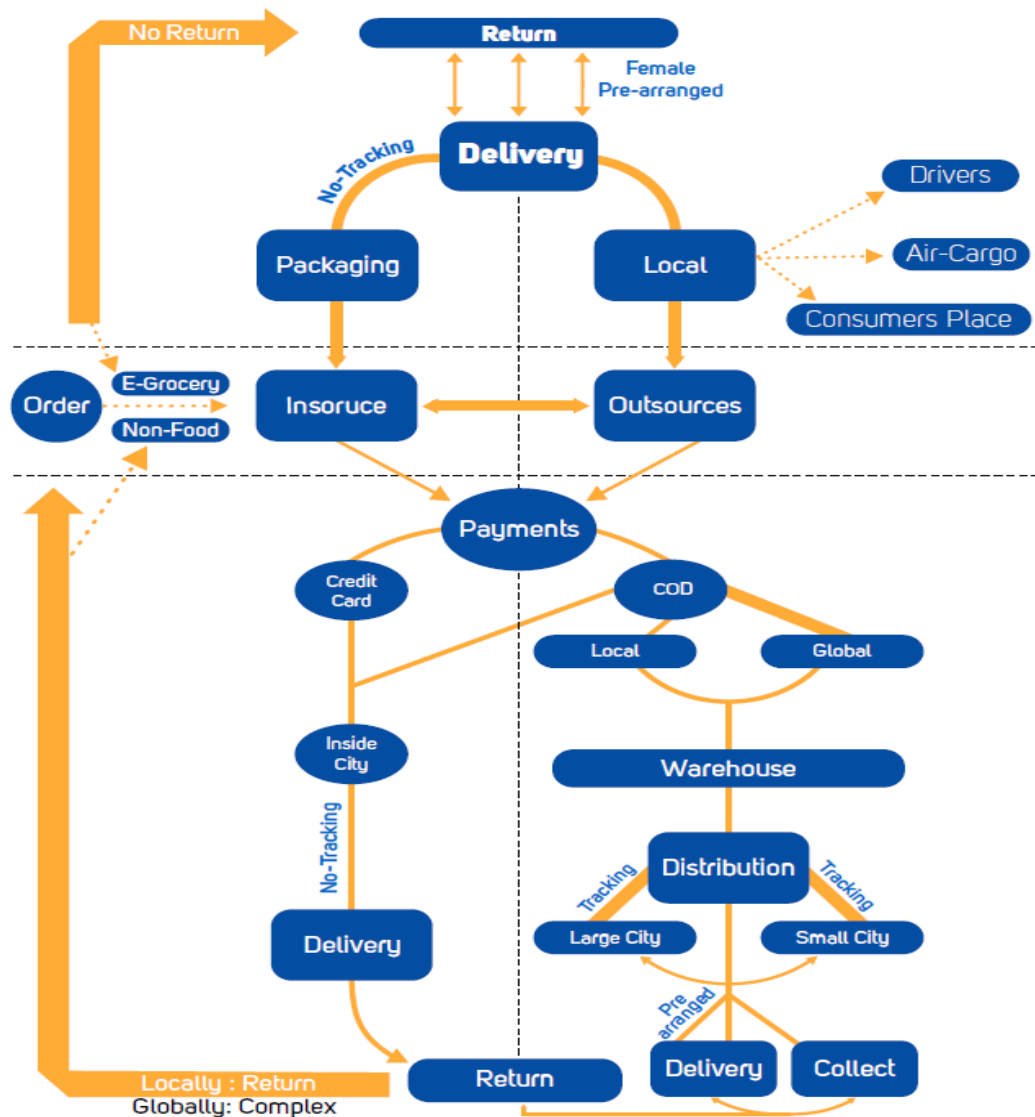
All the previous internal and external factors consider value to enlighten and enhance the study of logistics and marketing. In addition, long procedures for obtaining money and transferring it to the firms from LSPs make them use COD, even at an extra cost, rather than undergoing increasing mistrust in transaction processes. Cost does not effect the e-fulfilment as consumers can pay more to have goods, service and delivery in e-grocery and non-food firms (Teller et al., 2006). Furthermore, payment systems are different in the five countries, as some of them, such as Kuwait, have solutions, whereas others, such as SA and Oman, are not at the same level. Across the five countries, most consumers preferred the COD method of payment once the goods are delivered. Thus, choose specific time or attend delivery model have faced not answering call as one of behaviour habit ,which this study emerged female mostly not provide phone number or written brother or someone behalf ,which often not known about the delivery and missed that to be rescheduling again (Yang et al., 2014).

Therefore, the logistic model considered has consequences for late shipments, as large and small firms have warehouses that are far away or in another city where the demand is less (Hübner et al., 2016).

An unattended delivery solution model in the literature review was difficult to apply, as high temperatures might damage the shipments (Hübner et al., 2016). Previous scholars have discussed some factors that determine ECF (Quaddus & Achjari, 2005; Xing & Grant, 2006), whereas fulfilment in EC relies on various factors, the most important ones to understand being cultural and traditional factors. Moreover, most studies relate to the theory and practice applied in Western countries, or focus on segments, although one has recently been conducted in Jordan (Al-Nawayseh, 2012). Most previous models discussed factors and elements from a service and convenience perspective, while this study found that ECF is affected by various factors that have not been mentioned in previous work.

Therefore, Figure (23) illustrates a model of electronic commerce fulfilment for the GCC countries.

Figure 23 EC fulfilment model in Gulf Cooperation Council Countries.



## 8.4 Implications

This study considered three categories and various components that have a relation to and influence on e-fulfilment in the five GCC countries studied, which have different policies and legislation. During the research journey, the researcher has held some interviews with managers and consumers that have some viewpoints about e-fulfilment that can be highlighted and might benefits practitioners in e-commerce fields. In addition, the researcher has noted other points, which will explain in this part.

Different sorts of e-firms and global LSPs exist in the GCC region, and there has been a development in consumer behaviour. This section highlights the implications for

managers in the e-commerce and logistics disciplines, and for general policy of organisation and consumer behaviour.

#### **8.4.1 Implications for Practitioners**

EC is considered a booming industry and e-stores, as stated at the beginning of this study, have increased rapidly in GCC countries, from 96 in 2013 to more than 400 in 2016 (2016; Mothoq, 2016). Furthermore, Internet users rose significantly from 11.4 million to 24 in SA alone by the end of 2016 (CITC, 2016). There are key factors recommend to practitioners classified as follow:

##### **Entrance market**

It is recommended that practitioners of e-stores and new entrant firms should design a business strategy side by side with a logistics fulfilment model. LSPs were different in SA compared with the other five countries, as some services and prices varied.

##### **Operation methods**

Choosing whether to insource or outsource based on city and warehouse location, to offer a fast and convenient service was considered one of the pillars of ECF. Local drivers might be one solution to starting a service, as this would keep consumers loyal and allow time for the drivers to deliver shipments and return them if errors occurred. The important factors were that local drivers knew their city, could obtain feedback and cover more consumers more quickly in the same zone at an acceptable price. Local logistics firms were effective in terms of regional shipments across the Gulf, and global LSPs for global deliveries, although it was not necessary for the same firm to import, distribute to the retailers and deliver to consumers, with long-term contracts to reduce the cost if possible. The online markets in GCC countries had different factors that have to be taken into account by e-stores and export firms, whether online or offline, e-grocery or non-food.

##### **Innovative of logistic model**

Assembling an effective logistics design was considered a priority in addition to a business strategy, but both should be designed well. For a logistics system to fulfil consumers, it has to be recognized that warehouses need to be located in the cities where there is more demand. Local drivers in the beginning explained in detail how they can be relied on for fast shipments and urgent returns, as they have knowledge of consumer behaviour and of their own city. Local logistics firms with reliable technology were



considered a good solution for collecting and delivering regionally over the Gulf or across the Middle East. Women can deal with local logistics firms quickly and conveniently. However, contracts with global LSPs were better for global deliveries, as they had clear conditions for collections and returns. Moreover, LSPs in SA had different services and processes from those in the other five GCC countries, and some firms were considered to be more effective and efficient inside SA.

### **Electronic Stores (E-stores)**

Large e-stores have a greater ability to cooperate and find a flexible service in the region than SMEs, the latter having limited services and needing more cooperation than larger enterprises. With regard to the online market in GCC countries, e-stores have to realize that there is an expanding number of Internet users and buyers. A firm's strategy, and whether the firm will start as a pure player or shift from being a retailer to an MC firm online, has to consider cultural factors, and rely on easy and simple delivery procedures, as well as operating in the Arabic language with clear procedures if possible. An essential and important factor is to provide a specific time for delivery. Confirmation of delivery has to adopt the following procedure: confirmation of products, delivery time and by whom, with a returns policy expressed clearly in the consumer's language.

Furthermore, a logistics model should include three potential factors in order to achieve e-fulfilment and consumer satisfaction: first, place the warehouse in an area of high demand; second, understand the advantages and disadvantages of LSPs if outsourcing is desired; and third, understand cultural differences and education levels. These three factors have to be at the head of a firm's strategy.

### **Local delivery**

More demand is experienced in capital or economic cities as a fast delivery, same-day or next-day service is desired by consumers. Innovative solutions and flexible supply chains are essential, together with an understanding of the environment and knowledge of the region, traditions and culture, and the application of an appropriate policy.

### **Regional delivery**

Delivery to the Gulf from each of the five countries studied has to consider that some local logistics firms have an advantage, taking into account that some shipment criteria might not be present.

## **Price**

Price is generally similar between PP and MC retailers locally, and consumers mostly prefer global purchases or to focus on another part of the Gulf region based on currency exchange rates. The currency exchange rates are different, for example 1 Dinar Kuwaiti (DK) = 12 Saudi Riyal. Saudi Arabia has the lowest rate among the five countries.

## **Logistics Service Providers (LSPs)**

Logistics service providers in GCC countries in particularly the global brand have followed a main firm strategy for years, while the sector developed quickly, consumers were different and changed behaviour, and new laws were applied. Focusing on a sector such as B2B and then operating it as B2C, while following the same standards might affect a brand and lead to the loss of consumers once B2C is adopted. Cooperating with e-stores requires some flexibility and causes businesses to treat male and female consumers as separate cases, based on region. Running a business by focusing on B2B might involve using the English language, but applying this in B2C is difficult to achieve, as dealing with native Arabic speakers in English can be a barrier. The GCC has had a trade agreement since the 1980s; however, global LSPs have not applied this when importing and exporting between the six countries. Working under a global brand or under an agent has to be explained clearly to businesses and customers, as some of the services have very different prices, and this affects e-fulfilment. Therefore, global LSPs have long experience and have been operating in the region for decades, although they have not provided radical solutions in terms of new models or technology for customers, with the exception of large firms; for instance, groceries and perishable foods were only accepted by one local LSP.

## **Knowledge of Agents**

Cultural factors and consumer behaviour have to be considered when entering any market, but particularly in the GCC, as they play an essential role, as demonstrated by the results of this research. Any strategy plan from e-stores and foreign firms, whether e-stores or logistics providers, has to consider the following essential factors: cultural traditions and regional laws, with their trends in payment systems and new government projects; Customs policy; the power of local and regional firms; language; delivery when convenient; the postal system and any alternatives provided; franchise systems; differences in processes within the same city and between different countries; using insourcing and outsourcing without testing, which consumes time and money; greater

understanding of consumers; and deliveries to retailers from abroad that follow clear processes. E-fulfilment in the GCC online market could summarize all the previous factors in providing knowledge of the reasons for choosing insourcing or outsourcing, or operating local agents and drivers. Using the right method after being provided with this knowledge could enable staff to find a firm strategy that could obtain rich feedback and sustain development.

### **Warehouse Management**

Organizing warehousing and operating in these locations are considered essential for firms, whether PP or MC. However, large firms in the region have failed to position their warehouses adequately, have found long delays in hubs, and received a number of demands for missing products. At the same time, some firms have tried to buy warehouse software which has proved to be a failure, and needed to be customized for consumers' orders to be processed efficiently.

### **Geographic Structure**

Generally, cities in the five countries studied extend horizontally, with stores clustered far from houses. A logistics model for e-stores and for local and global LSPs has to be designed, accounting for that structure. Insourcing or outsourcing has to involve a time-frame and schedule based on location, rather than providing a broad estimate of one to three days. Most LSPs have one warehouse in the capital which keeps undelivered shipments. A warehouse placed somewhere that is far from consumers means that the last mile is more complex. Further, not all districts are designed for walking, and women in most GCC countries do not go out alone, so take as their companion a son/daughter or brother, and often travel by car if one is available. Therefore, sending shipments to warehouses can be a barrier that affects e-fulfilment.

### **8.4.2 Implications for Policy**

This thesis analysed rich data from three categories of participants: local and global firms, small to large e-firms, and male and female consumers in small and large cities. Some aspects of policy are highlighted below:

#### **Government**

This thesis included five countries, of which one, the UAE, has laws of e-commerce to protect all parties. The support of e-government projects placed them in the top fifty rank, based on a UN report which reflected the need to accelerate the application of e-

commerce law to support and facilitate the process (see Table 8) (Omari, 2013). The younger proportion of the population is increasing, and new laws have to meet their demands. For example, payment systems should be easy and available for young individuals. Moreover, conventional regulation is hard to apply to e-commerce, as this affects fulfilment, for instance new licences for PP retailers that require them to pay costs without any benefits, simply in order to follow traditional trade rules.

### **Education**

Logistics and supply chain as a concept is not well known in the region, and needs to attract new entrepreneurs. Universities do not provide this as a major, but as part of separate disciplines, particularly in business schools. Universities, colleges and organizations should be required to provide courses at different levels, to create awareness of the importance of logistics and supply chains, both on an educational level and for the public.

### **Customs Regulations**

As there has been an agreement regarding trade since the 1980s, Customs regulations in GCC countries have one process that applies to all of them. In addition, as the six countries import and have active trade with each other, it would be appropriate to have a new law on e-commerce to support firms and customers in the easy flow of trade.

### **Technology**

Technology moves quickly, and a variety of tools have increased e-commerce and the need for flexible logistics and supply chain solutions. The current solution is considered costly for firms, SMEs in particular. At the same time, universities and other organizations sponsored by governments have to cooperate to provide easy solutions for software, and payment systems that are secure and customized for modern society.

### **Logistics Hubs**

There are two main hubs in the GCC countries. One is Jebel Ali in Dubai, which trades most of the imported and exported shipments, particularly in the Arabian Gulf region; the second is Jeddah, which is very active in the Red Sea. There is also a new hub, King Abdullah Port, which can provide help and support firms to offer premium e-fulfilment by providing services through different channels based on region and demand.

Therefore, this study investigated three factors based on electronic commerce fulfilment. E-fulfilment was considered in relation to the following points:

- There was a Trade Agreement between GCC countries in 1981, which needs to be fully activated to include e-commerce, and which will support ECF in the six countries.
- Since 2013, GCC countries have planned to link e-government between them, which could help if applied to support e-commerce.
- The recent Vision 2030 was launched by developing various factors, with a focus on logistics sectors, which might accelerate ECF from different hubs.
- Some policy is not stable, as it can change suddenly, which confuses firms and affects ECF.
- One global LSP stopped global trade due to Customs regulations. A Customs handbook is needed to make all conditions obvious and clarify the process.
- Some LSPs do not deliver to the only house or work, which need more clarification. Further, the Ministry of Commerce could conduct workshops or compile a volume of the cultural and religious habits of their country and how to deal with them easily.
- Working under franchises that have differences in service and prices makes some operations complex in some regions and cities.
- Payment methods have been developed and are clearer in Kuwait, Bahrain and in the UAE, whereas other solutions need to be provided in SA and Oman.

## **8.5 Limitations of the Study**

This study involved the collection of data from five countries. The researcher travelled to two of the GCC countries, the UAE and SA, to conduct face-to-face interviews and obtain the richest possible data, as this thesis applied a qualitative methodology using semi-structured interviews. The following factors also played a part in the research process.

### **Cultural Barriers**

Women were not easy to interview in most of the five countries. The researcher had intended to hold a focus group, in addition to conducting interviews. However, gathering men and women together was too difficult and led the researcher to concentrate on one method of collecting accounts. It took a great amount of time and effort to gain approval for conducting interviews in different cities.

### **Availability of information**

Study involve GCC countries need to have official and formal information, which some numbers hard to obtains or available from not formal resources. Therefore, the data have obtained have concern from the researcher to recent updated.

### **Travelling**

Travel was also a challenge, as the researcher visited small cities in the UAE and SA. This was costly, particularly as the research time coincided with the beginning of the summer holiday. In addition, some global LSPs have offices in the UAE, and other managers work under franchise, which led to the researcher duplicating meetings with logistics managers in SA and headquarters managers in Dubai and Bahrain. Additional time would have provided the opportunity for more meetings with a larger number of representatives of firms, local logistics providers and consumers.

### **Methodology**

Each piece of research has advantages and disadvantages. Conducting a qualitative strategy and using semi-structured interviews with 53 participants in five countries in different cities and identifying the important factors that differed between genders in the cultures of the GCC took more time than expected. As this study followed a qualitative approach, its results cannot be generalised, which is one of the disadvantages of this method. Moreover, this research faced limitations, as not all interviews were conducted face to face for reasons of limited time.

Furthermore, the translation and transcription process also took additional time, an aspect of which the researcher should have been aware. Moreover, the different sizes of the firms and majors from the PP to MC can be considered another limitation.

This research adopted a qualitative approach, which had limitations that need to be highlighted. The researcher can also be considered to be part of the study, which means the findings are subjective. Therefore, the researcher's reflexivity is an important factor, such as when listening to the recordings of the interviews and interpreting the notes and data. The material was translated into English, checking both the Arabic and English versions with a specialist in linguistics to safeguard the validity of the material and the accuracy of the translation. It must be mentioned that reliability is increased in a qualitative study by achieving transparency, coherence and communicability.

## 8.6 Future Research

This research considered ECF in GCC countries in e-grocery and non-foods, and from the perspectives of consumers in small and large cities, as well as presenting an e-firm logistics model. Local and global purchases were discussed using a qualitative approach. As in the case of most studies, suggestions can be made for future research:

- Further research could replicate the study in another comparative region to establish whether there are different factors of importance.
- This study followed a qualitative technique with a sample of 53 participants. Future research might consider applying a quantitative method to cover a larger number of consumers and e-firms for more generalizable results.
- This research proposed a new factors, *Knowledge* and *Cultural* for the previous e-PDSQ model (Xing & Grant, 2006). Future research using a quantitative approach could test these new factors in terms of their contribution to ECF success or failure.
- The e-grocery success model in Figure (23) could be tested in another countries.
- ECF in future studies could focus on each segment, for example LSPs or consumers, to obtain more information on the details of the processes involved.
- The volume of returns or the non-compliance of consumers in, for example, not answering telephone calls could involve a unique study, in particular for large pure player firms.
- Cultural factors played an essential role in this study and future research could examine the real cooperation between e-stores and LSPs in more depth.

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## Appendix

### Appendix (1): Interview questions

#### 1.1 English version

Commerce fulfilment logistics in Gulf Corporation countries (GCC):

#### SEMI-STRUCTURED INTERVIEW GUIDE

**Interviewer:** \_\_\_\_\_Majed \_\_\_\_\_

**Interviewee:** \_\_\_\_\_e-store \_\_\_\_\_

**Date and Time:** \_\_\_\_\_

- Introduce interviewer and thank interviewee for agreeing to take part in this 30-60-minute interview.
- Remind interviewee that the purpose of our study is to examine issues of e-commerce logistics activity in the Arabian Gulf (GCCs).
- Advise interviewee that the interview objective is to solicit their expert views and opinions about these issues as guided by questions.
- Assure confidentiality and anonymity regarding any attributed comments.
- Ask whether the interview can be recorded for the purpose of ensuring the interviewee's meanings and comments are properly interpreted. Obtain verbal consent from interviewee to the above and proceed.

Please indicate the below based on your e-store information:

**Country:** OMAN - SA – UAE- BAHRAIN – KUWAIT - QATAR

**City:** .....

**Firm type:** (online) or both (online + physical store).

**Firm size:** Small – medium – large.

**Your position:** owner – CEO – Logistics manager other .....

- Is there any particular model for delivering product to customers? Please explain.

- How is your current e-service scheduled, for example same-day or premium services, does it deliver free or not, please explain?
- The delivery is based on your company product, are there any special criteria to deal with products such as (grocery, clothes...etc.)?
- Does the firm outsource the e-service activity, to whom and why? If not do you think your customers are fulfilled with the services - how?
- If your firm outsource the e-services:
  - Does the shipment deliver to your customers by (accurate time – remote area -far city-what about the product guarantee)?
- What are the procedures for returning products (reverse logistics)?
- How do you fulfil customers if something is wrong with product or there is error?
- How do you track your products until delivered?
- Do you deliver to the Gulf ? Please explain how.
- Do you deliver globally? Please explain how.
- What strategy have you followed for delivering products from a city far away from your warehouse? Do you think that fulfils customer satisfaction?
- Does your firm intend to improve the current e-service model? Why? Please explain.
- Which method of delivery do your customers prefer? Delivering or collecting from your store if multi-channel?
- Is it easy for customers to buy from your e-store?
- What are the frequent questions from customers based on the delivery of products?
- Is there any difference between men or women based on delivering methods?
- Cash on delivery is one payment method, do you apply it, and if not why? Please explain.
- What are the difficulties of e-service?
- What are the factors would you prefer to be provided online to fulfil your customers based on delivery methods?

Any comments to add?

Thank you very much.

## **1.2 Consumers interview questions**

1. Do you prefer fast delivery? Please explain the meaning of fast, such as same-day or next day.
2. Do you ever buy anything from abroad online, such as via Amazon.com, and how did you receive the order?
3. Have you bought online from Gulf e-stores, such as Oman fashion, and how did you receive the order? Please explain.
4. Have you bought online from your country, for instance Vanilla.com, and how did you receive the order? Please explain.
5. Which method of delivery do customers prefer? Why?
7. Are all products received on time and in good condition?
8. Have you returned any product locally? Globally? How? Please explain.
9. As you living in Riyadh? Tell me about your purchasing experience.
10. Jeddah is considered the economic and second city in SA. Tell me about your purchasing experience.
11. Tabouk is considered a small city. Can you tell me about purchasing online and how goods were delivered to you?
12. Do you prefer to buy online or physically go to a store, please explain?
13. What are the difficulties in e-service?
14. What factors would you prefer to be provided online?

### 1.3 Logistics Service Providers (LSPs)

- 1) As a (local /global) LSP, do you have any strategy or such logistics model to be used? Explain please.
- 2) What strategy have you followed to outsource e-stores?
- 3) When I was at the Boulevard Exhibition in Riyadh, I noticed you are targeting e-stores specifically. Why? (directed at P1 only).
- 4) What criteria have been followed to deliver such products (grocery, clothes. etc.)? Is there any difference? If the answer yes, please explain.
- 5) Tell me about the speed of delivery (categories, same-day premium/next day) and are there extra charges?
- 6) Have you considered developing a supply chain? Why?
- 7) Does your contract mention small and large cities based on delivery?
- 8) Is there any difference in delivering products to men or women?
- 9) Are there any criteria when dealing with e-stores in Gulf countries based on (policy/consumers/delivery methods)? Explain please.
- 10) Do you have a policy to deliver returned products to e-firms? If you have experience of it how do you deal with it (locally & globally)? Explain the procedure please.
- 11) How do you deal with COD? Please explain in detail.
- 12) As you franchise from the original firm does that affect the operation and services? Explain please.

Any comment to add?

Thank you very much.

## 1.4 Arabic version

اثر اللوجستية على التجارة الالكترونية في منطقة الخليج العربي

### SEMI-STRUCTURED INTERVIEW GUIDE

**Interviewer:**(المقابل) \_\_\_\_\_ ماجد غزاي العتيبي

**Interviewee:**((المشارك)) \_\_\_\_\_ شركة تجارة الكترونية

**Date and Time:**(( التاريخ واليوم )) \_\_\_\_\_ 2014-6-10

- التعريف بنفسه وشكر المشارك على المقابلة واخذ موافقته بأنها ستستغرق من 30-60 دقيقة.
- تذكير المشارك بان الهدف من الدراسة هو أكاديمي بحث وهو يبحث وضع النظام اللوجستي لشركات التجارة الالكترونية في منطقة الخليج العربي.
- تأكيد السرية وعدم ذكر أي اسم او منصب او اسم لشركة خلال البحث او غيره .
- الاستئذان من المشارك ماذا كان مسموح للتسجيل الصوتي أولاً.
- تقديم خطاب الجامعة + اختصار البحث + الكرت الشخصي .
- تعبئة التفاصيل الكاملة للشركة ( الدولة – المدينة- نوع الشركة – المنصب -عدد الموظفين)
- الحصول على الموافقة الشفهية من المشارك والبدء في المقابلة .
- الرجاء ضع إشارة امام البيانات المطابقة للشركة ( للمتجر):
- الدولة : (السعودية – الامارات – الكويت – البحرين – قطر- عمان) .
- المدينة: .....
- نوع الشركة : (اون لاين فقط – اون لاين ومحل قائم (الاثنين معا)).
- حجم الشركة : (صغيرة - متوسطة – كبيرة)
- المنصب: (مدير عام – مدير لوجستي - مالك – اخرى حدد فضلا .....)
- عدد الموظفين : ( ..... )

## اسئلة المقابلة

- ماهي الاستراتيجية المعتمدة لديكم الان لتوصيل المنتجات , على سبيل المثال في (نفس اليوم) او (خدمة ممتازة), وهل هي مجانية او لا؟ اشرح لو تكرمت مع توضيح هل هو خياركم او خيار الشركة المقدمة للخدمة او بالاتفاق .
- التوصيل يكون بالاعتماد على المنتجات ، هل هناك أي معايير خاصة للتعامل مع بعض المنتجات مثل الاكل والملابس او منتجات حساسة وغيرها؟
- هل يتم التوصيل عن طريق شركتكم او تقدمه شركات اخرى ماهي ولماذا ؟ اشرح بالتفصيل فضلا.
- اذا كانت شركتكم تقدم الخدمة بشكل outsourcing ( عن طريقة شركة اخرى مثل : فيديكس او غيرها):
- هل تصل الخدمة الى جميع العملاء في : ( الوقت المناسب – الى المدن البعيدة – ضمان المنتج )
- كيف يكون اعادة البضاعة من العميل ؟ ومن يتحمل التكلفة ؟
- لو حدث خطأ او خلل هل يتم الاتصال بكم او بالشركة !
- هل تتابعون البضاعة اون لاين او باي طريقة اخرى ,, اشرح بالتفصيل فضلا .
- هل تقدمون خدمة التوصيل لدول الخليج ؟ وكيف بالتفصيل لو سمحت !
- هل تقدمون خدمة التوصيل بشكل عالمي او دولي ؟ اشرح فضلا.
- ماهي الاستراتيجية التي لديكم لتوصيل المنتجات البعيدة عن مخازنكم او مستودعاتكم ؟ وهل ذلك يلبي احتياجات العملاء لديكم !
- هل تنوي او تفكر شركتكم بتحسين نموذج الخدمات بالتوصيل لتلبية مطالب العملاء بشكل فعال؟ لماذا! اشرح بالتفصيل فضلا.
- اي الطرق المفضلة للعميل للتوصيل لمنزله او الطلب والاستلام من المحل ؟ لماذا !
- هل من السهل على الزبون الشراء من متجركم الالكتروني؟ خاصة خانة التوصيل ؟ اشرحي فضلا.
- هل يستطيع العميل ان يعرف تاريخ وصول بضاعته بالوقت والكيفية بعد عملية الشراء مباشرة ، كيف ؟
- ماهي اغلب الأسئلة المتكررة من العملاء في توصيل المنتجات ؟
- هل هناك فروق من قبل الرجال والنساء في توصيل المنتجات؟ | هل لاحظتم اختلافات في التوصيل بين الرجال والنساء؟
- هل تقدمون خدمة التوصيل للمدن الصغيرة ؟ اشرح الكيفية والوقت اللازم لوصولها مع ذكر اسم المدن لو تكرمت ؟
- ماهي صعوبات التوصيل للعملاء؟
- هل يوجد لديكم وسيلة ( الدفع عند الاستلام ) ومارأيك بها بالتفصيل ؟
- ماهي العوامل التي تفضل ان تكون موجودة في التسوق عن طريق الانترنت لتحقيق الرضا العالي في خدمات العملاء وتحقق التوصيل السريع والمرن ؟

أي إضافات اخرى ترغب بها ؟

شكرا لك ولوقتك القيم ,,

## Appendix (2): University permission



Majed Alotaibi

Faculty of Business, Law & Politics  
Research Office  
University of Hull  
T +44(0)1482 463536  
E h.carpenter@hull.ac.uk

Ref: HUBSREC 2013-14

10 April 2014

Dear Majed

**Research Title: An investigation of electronic commerce logistics fulfilment in the Gulf Cooperation Council**

Thank you for your research ethics application.

I am pleased to inform you that on behalf of the Faculty of Business, Law and Politics Research Ethics Committee at the University of Hull, Dr James Tannock has approved your application on 10 April 2014. You now have permission to proceed with the research.

I am advised by the committee to remind you of the following points:

- You must comply with the Data Protection act 1998;
- You must refer proposed amendments to the committee for further review and obtain the committee's approval prior to implementation (except only in cases of emergency where the welfare of the subject is paramount).
- You are authorised to present this University of Hull Research Ethics committee letter of approval to outside bodies in support of any application for further research clearance.

On behalf of the committee may I wish you every success with your research.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Hilary Carpenter".

Hilary Carpenter  
Secretary,  
Research Ethics Committee  
Faculty of Business, Law and Politics

Faculty of Business, Law and Politics  
University of Hull  
Hull, HU6 7RX  
United Kingdom

<http://www2.hull.ac.uk/Faculties/fblp/hubs.aspx>



## Appendix (3): Additional letter of interview SACB

ROYAL EMBASSY OF SAUDI ARABIA CULTURAL BUREAU LONDON		سفارة المملكة العربية السعودية الملحقية الثقافية لندن
2014/04/04م		
رقم الملف: S15745/2		
إفادة		
تفيد الملحقية الثقافية بسفارة المملكة العربية السعودية في لندن بأن الطالب ماجد غزوي حميد العتيبي (رقم الهوية الوطنية 1006532640 ) ، مبتعث من قبل وزارة التعليم العالي لدراسة مرحلة الدكتوراه بتخصص Management بجامعة University of Hull في بريطانيا وفقاً لقرار البعثة رقم 12572 الصادر بتاريخ 1434/11/19 هـ الموافق 2013/09/25م، وأنه لا يزال على رأس البعثة التي ستنتهي في 2016/01/29م الموافق 1437/04/19 هـ. وقد مُنح هذه الإفادة بناءً على طلبه لتقديمها إلى شركة المتاجر الالكترونية في المملكة العربية السعودية.		
وتقبلوا أوفر التحيات والتقدير،،،		
الملحق الثقافي		
بسفارة المملكة العربية السعودية في لندن		
فيصل بن محمد المهنا أباالخير		

## Appendix (4): Brief of Study

Brief of study information (English version).



### An Investigation of Electronic Commerce Logistics Fulfilment in the Gulf Cooperation

#### Significance of the study

There are various reasons why one should focus on EC logistics in GCC countries. These are as follows:

- ❖ To enhance understanding of electronic commerce fulfilment (ECF) in GCC countries.
- ❖ To develop key or critical success factors.
- ❖ To examine the feasibility of local ECF across GCC countries as opposed to ECF from international sources.

#### Research aim

The aim of this research is to explore the operation of logistics in ECF in GCC countries, with the ultimate purpose of suggesting new strategies to make EC better and more efficient in GCC countries.

#### Research approach

This study will follow a qualitative approach, using by semi-structured interviews with e-firms in GCCs and focus group methods to present the customers' perspectives.

#### Confidentiality

This research is designed for academic purposes and all results will be secure and follow the ethical procedures of the University of Hull. Further, there is no mention of names, and everything will remain anonymous. company every thins will anonymous.

#### Research requirement

To answer the research questions and determine the objectives, senior logistics managers and owners need to answer interview questions, after which a focus group will be held with customers.

#### Research benefits

Considering logistics activity by e-firms especially in GCCs, and presenting the results to you first as a priority can contribute to solve problems and be updated by the researcher.

#### Researcher contact details

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#### Supervisor contact details

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Room 220, Nidd

## Brief of study information (Arabic version).

"مناقشة اثر العمليات اللوجستية على التجارة الالكترونية في دول الخليج العربي"



### أهمية الدراسة:

- هناك عدة أسباب لاختيار ومناقشة موضوع " اللوجستية في التجارة الالكترونية " نذكر اهمها :
- لتعزيز مستوى الفهم عن مدى تحقيق التجارة الالكترونية الكفاءة والفعالية للشركات في منطقة الخليج العربي.
  - لتطوير عوامل النجاح في النقاط المهمة والرئيسية .
  - لاختيار مدى كفاءة التجارة الالكترونية في تحقيق الكفاءة اللازمة داخل دول مجلس التعاون وخارجه .

### هدف الدراسة :

هذا البحث يهدف إلى استكشاف العمليات اللوجستية في التجارة الالكترونية ومدى تحقيق الكفاءة لها ، بالإضافة إلى انه يطمح الى اقتراح استراتيجيات جديدة من الممكن ان تساهم وتجعل التجاره الالكترونية افضل واحسن .

### طرائق البحث:

هذا البحث يتبع الطريقة النوعية والتي يكون عن طريقها جمع البيانات عن طريق المقابلة الشخصية مع ملاك ومدراء شركات التجارة الالكترونية في دول الخليج .

### السرية :

هذا البحث مصمم للإغراض الأكاديمية بشكل أساسي وجميع البيانات ستكون سرية ومجهولة الأسماء ويخضع هذا البحث للقوانين الفكرية والأخلاقية من جامعة هال في بريطانيا .

### متطلبات البحث:

الإجابة على أسئلة هذا البحث تتطلب عقد مقابلات وإجابة على الأسئلة من مدراء وأصحاب الشركات الالكترونية ومدراء القطاع اللوجستي او إدارة العمليات للحصول على أفضل معلومة تحقق أهداف هذا البحث المخصص لمرحلة الدكتوراه .

### فوائد المشاركين في البحث:

نتائج هذا البحث ستقدم للمشاركين في هذا البحث كاولوية في معرفة نتائج البحث والذي سيغطي الانشطة اللوجستية للتجارة الالكترونية وشركات الشحن ورؤية العملاء والتي من المتوقع ان تساهم في حل لبعض الجزئيات المراد بحثها من عدة اوجه.

### التفاصيل الخاصة بالباحث

التفاصيل الخاصة بالمشرف

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