PERCEPTION OF SOCIAL MEDIA INFORMATION TOWARDS RETAIL SECTOR IN SAUDI ARABIA

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Perception of Social Media information towards retail sector in Saudi Arabia

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ABSTRACT

Social media has expedited unparalleled growth in human interaction in modern times. This new media has caught the attention of retail organizations, communities and individuals through their ability to facilitate the collaboration of virtual communities and to provide a productive environment for mutual sharing and interaction. The adoption of social media for retail sector worldwide is on the rise. Many retailers & corporations today have official Facebook pages, Twitter accounts as well as retail blogs. All these are signs that social media has become a vital part of consumers’ daily lives as well as the day-to-day operations of retail organizations. The objective of this research is to explore into future trends in Saudi Arabia’s retail sector and to offer a detailed quantitative analysis of both past and future social media trends in the sector. This paper entails to cover on the various techniques that organizations especially in the retail sector put into consideration so as to gain from social media such as Twitter, Facebook, Instagram and YouTube among other platforms. The research will significantly trigger the retail sector in Saudi Arabia to use social media as a channel of communication as a result of essentiality of information as well as communication advancements and the increasing rate of internet usage.

Key words: Saudi Arabia, Social media, Facebook, Retail sector, Perceptions, Brand awareness, Perceived quality, Credibility of information, Perceived Usefulness.
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Declaration

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

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Chapter 1: Introduction

1.1 Background of Study

In the era of globalization, the emergence of internet and social media platforms have taken the world by storm (Allio, 2012). In layman’s term, social media platform is the collective online service of which the users will be able to connect with their friends and family regardless where they are physically in the real world, it had literally transformed the way of how human interacts with each other and also ways of how businesses are being conducted in the 21st century (Brennan & Schafer, 2010). Despite the growing usage rate of internet and social media worldwide, the ways that social media platforms are still being perceived different by people that comes from different parts of the world, largely due to the fact that the level of exposure to the internet and social media varies from one continent to continent (Batt & Liu, 2012).

The leading social media platforms as of today would be the likes of Facebook, Instagram, Twitter, WhatsApp and WeChat, of which combines the ability to view others profile and chat with each other real time through text, voice and video based on personal preferences (Buss & Begorgis, 2015). From the perspective of business operations, the adoption and integration of social media strategy into the business operation, not only did it helped the businesses to build up the brand presence (whether brick-and-mortar business or online business), by all means, it also helped to foster a deeper customer-business relationship through constantly providing additional product information to ensure that the consumers are more informed and aware of their purchase decisions (Das, 2010).

Despite the fact that the social media do not provide face-to-face interaction, due to its functionality and ability to share life moments on them, have lead the mass public to perceive that they are still connected physically (Demirbatir, 2015). Such feature of the social media is the highly desirable feature for the businesses, as the consumers will also perceive that they are interacting with the shop owner and viewing the product in real-time, similar to the experience of visiting a physical store, apart from that, by integrating
social media into the business operation, it helps the business to reach the demographics that were hard to reach previously or geographically impossible (Fletcher, 2014). As of today, there are more than one social media sites or applications that can be used as marketing tools for online and/or retail businesses each armed with its own strengths and weaknesses namely (Fraser, 2016):

**Facebook** – Facebook is the leading social media sites that have the largest user groups, and as of 2nd quarter of 2016, Facebook’s user amounted to approximately 1.71 billion monthly users of the social media application. Businesses can engage with their users through status update, photo posting, instant messaging and others, in return the engagements can be measured through number of likes, views, reach and as of latest emoticon reactions (Fujioka, 2015).

**Twitter** – Twitter can be considered as a microblogging tool in which the company will be able to post their contents and business updates within a restriction of 140 words, one of the important feature of twitter is that through hashtag, the business will be able to link themselves to other users that are looking into the same content and thereby creating resonance with them and creating backward linkage in which the foreign twitter users will look at the post of the business (Haataja, 2013). Twitter is mainly utilise in western countries and is slowly penetrating into the middle-eastern part of world such as Saudi Arabia and eastern part of China alike (Higgins, 2016).

**Instagram** – The specialty of Instagram is that this platform heavily emphasizes on the element of photo sharing to showcase the story through pictures, similar to twitter and Facebook, Instagram allows the picture to be tagged and hashtag, and this will further increase the reach of the affection of the business alone, as to leverage on the publicity strength of the other business ventures, and by posting attractive and interesting pictures, the business will be able to showcase their product and services and to entice customers that are looking for the intended product and services (Holy Spirit University of Kaslik, 2014). If the photo posting became viral, the photo will be share by other users and thus creating a huge buzz in the Instagram circle which helps promoting the business (Horton, 2015).
LinkedIn – Marketed for the professionals of their respective fields, LinkedIn helps to link the demand with the desired professionals in terms of business matching, recruitment channel and freelancing opportunity (Hulbert, 2013). For businesses, they can utilize the “company page” section as to promote the content and offering of their businesses. Generally, LinkedIn is a more credible social media site that allows business to market their product and services to the professionals (Jackson, 2010).

WhatsApp – As one of the fastest growing instant messaging application, WhatsApp basically offers free account to all the users with a mobile phone number to use to connect with their friends and family on a global basis (Kelchner, 2015). Since WhatsApp allow promotional materials to be send out through “broadcast message” that is to send messages out simultaneously to all the contacts. The mixture of text, photo, voice message, documents and motion picture can be send over to other users at any time of the day. With one billion worldwide users and still growing, WhatsApp is beginning to gain interest among the business users (Kirkbride, 2016).

YouTube – As the world’s largest video sharing and streaming application owned by Google Inc. is an advertising intensive site as product placements and generic banner advertisement is often observed in the course of viewing videos (Lacka & Chong, 2016). Large extent of videos gone viral have created a huge buzz and attracted advertisers to advertise on them, the subscribed YouTube users are a little over 1.3 billion users worldwide and is expected to grow by two times the size (Lam, 2014).

In terms of the social media influence in the e-retail sales in Saudi Arabia as indicated in Figure 1, we can clearly see the increasing trend from the 2015 that is at 4,352 USD and have increased to 4,872 USD in 2016 (Leighs, 2015). The projection for upcoming years till 2021 is also quite promising as the revenue derived from the retail sales and online sales due to social media is projected to grow at approximately 1000 million USD per year (Li & Darban, 2012). The industries that benefited from emergence of social media includes fashion, electronic and media, food and personal care, furniture and electrical appliances and as well as toys, hobby and DIY (Makki & Chang, 2015).
1.1.1 Social Media Marketing

The social media marketing is one of the important component of which the businesses adopt social media applications to promote their business interest to a vast reach of audiences and at the fraction of the cost (McLeod, 2015). In the context of social media marketing (SMM), the adopter will usually employ more than one social media channel (e.g. Facebook, Instagram and YouTube) in which they will engage their marketing activities, as to capture the attention of potential customers of different segment and demographic (Millar, 2012). One of the important feature of all these upcoming social media platform is that there are build-in data analytic tools in order for the business owners or marketing managers to measure their own performance in terms of engagement with the audiences and the views of their marketing campaigns (Niekerk, 2014). An effective usage of social media marketing in business will help in addressing numerous business objectives namely (1) increasing online presence, (2) converting potential leads to customers, (3) establishing brand identity, (4) increased engagement with key demographics, through social media all of the mentioned objectives can be