

# **Online shopping: a comparison between Swiss and Egyptian consumers' behavior**



**Bachelor Project completed for the obtention of Bachelor HES**

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**Économie d'entreprise (International Management)**



# Declaration

This Bachelor Project is submitted as part of the final examination requirements of the Geneva School of Business Administration, for obtaining the Bachelor of Science HES-SO in Business Administration, with major in International Management. The student accepts the terms of the confidentiality agreement if one has been signed. The use of any conclusions or recommendations made in the Bachelor Project, with no prejudice to their value, engages neither the responsibility of the author, nor the adviser to the Bachelor Project, nor the jury members nor the HEG.

“I attest that I have personally completed this work without using any sources other than those quoted in the bibliography.”

Geneva, 29<sup>th</sup> May 2013

Samir EL-SADAWY

## **Acknowledgements**

I would like to start by thanking Mrs Sabine Emad for her availability and her flexibility all throughout this work and for providing me an access to an online survey creator allowing me to use it at its full potential.

I would also like to thank my close friends in Switzerland who helped me develop and spread the survey over the Internet. I also want to thank my family and friends in Egypt who were very important during the creation and the distribution of the online survey.

Overall I would like to thank all persons who have supported me during this project and have helped me by responding to my online survey.

## **Executive Summary**

This study is focusing on Switzerland and Egypt and is meant to analyse the trend of online shopping in both countries.

The initial part of this study will analyse the evolution of the Internet and its applications over the years, it will study the penetration of computers and Internet access into households and it will also consider the trend of online shopping for both countries. Eventually a previous business idea meant to ease the online shopping experience for the Swiss population will be described.

In a second time, some people from Switzerland and Egypt will be interviewed to better understand their fears and expectations while shopping online in order to create a survey on the same topic. This survey will be distributed online to ease the collection of answers from both countries.

Then, an analysis of the data collected will help assessing the penetration of the Internet and the devices used to access it as well as identifying key factors influencing potential clients in their purchasing decision process. The survey will also help understanding users' fears and expectations and will allow the identification of the most appealing categories of product for online customers. To conclude, the level of trust toward the Internet and online payment systems will also be assessed.

Finally, the most important findings of the online survey will be resumed, some recommendations will be done to help both customers and companies when engaging in e-commerce and ultimately the business idea previously mentioned will be discussed to check whether it is aligned with the results of the survey or if some adjustments should be done to enter any of the two markets.

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## Preamble

The three years at Haute Ecole de Gestion de Genève (HEG-GE) in the aim of obtaining a bachelor in Economie d'Entreprise (International Management) have provided me the chance to meet numerous guest speakers, passionate teachers and precious class mates. The various projects, to be done individually or in group, have given me the opportunity to improve some valuable skills such as rigor and time management but also open mindedness and flexibility.

In total, three classes linked with marketing were given and I have since understood the importance of such activity for a company. Indeed during this program we have learned the basics of marketing as well as the particularities to pay attention to at the international level but also some techniques on how to analyse the consumers' behaviour.

I have owned a computer since 2001 and I have been exposed to the e-commerce for a long time since I am the principal user of computers and other electronic devices at home. As any online shopper, I have some expectations and fears that are impacting my behavior when purchasing on the Internet. I believe the main strengths of online shopping are the rapid access to a wide choice of product and the competitiveness of online prices. Since I am a student and I have never had my own credit card, this was for me one of the most important barriers making me reluctant to shop online. Obviously having the money in cash was not sufficient since it was very rare to find online selling companies offering on-delivery cash payments.

The topic of this study arose from my desire to better understand online shoppers and to bring an innovative solution for online shopping. Since I have developed a business idea for that industry, it represented for me an opportunity to check whether it would be practical or not. Since I am Swiss and Egyptian and I wanted my study to have an international scope, I decided to focus on both countries to make a comparison between them.

# 1. Introduction

Since the rapid expansion of the Internet in our society, technology has helped improve Internet speed, has made possible wireless connections from laptops, also called Wi-Fi, and is now entering the mobile phone industry. There are more than 2 billion Internet users worldwide and much more to come from smartphones and other electronic devices.

Nowadays the Internet is well established into our lives and has changed dramatically our way of living. The access to information is now completely different as the Internet has replaced the old fashion habits to go into libraries, to read books or newspaper. The Internet is gathering simultaneously many, if not all, media used in the past.

The recent trend seen on the Internet is related to e-commerce. This term is used for online activities involving both financial and physical transactions. With the increasing penetration of the Internet into households in the world, the e-commerce industry has grown rapidly and now worth a considerable value. Users can now buy or sell products and services online. This has offered them the chance to reach a wider audience for seller and a larger choice for buyers. This trend of online shopping in the world is in different stages according to the standard of living of populations and their respective beliefs and values.

## 1.1 Objective of the study

The objective of this research is to study Internet users' behaviour toward online shopping. The idea is to better understand what incentives could motivate potential users to purchase online and to identify what are the main barriers refraining them to do so. Moreover another important aspect of this study is to assess whether customers from two different regions in the world, respectively Switzerland and Egypt, have the same attitude toward online shopping. The goal would be to come up with concrete recommendations for different online actors and to check whether a concept initially thought for Switzerland could fit the Egyptian's market.

## 1.2 Methodology

Here is an explanation of the methodology used to prepare this study.

Initially, some researches were done about the two countries' populations, the emergence of the Internet, the online shopping trend and some studies about customers' behaviors toward online shopping.

After these readings, a basic questionnaire on online shopping was created in order to organize semi-structured interviews. During these interviews, people were asked broad questions regarding online shopping. The idea was to only have some questions as a guideline but letting interviews flowing freely and using people's answers to focus on specific aspects. Using these semi-structured interviews allowed me to engage discussions and helped me identifying different issues and needs according to each one's opinion.

These interviews also helped me in creating an online survey to be distributed across Switzerland and Egypt. The questions in that survey are more precise and will help in trying to gather similar profiles to better identify the most important concerns that people have when considering purchasing online.

Eventually, a synthesis of the data allowed me to analyse and identify people's attitude toward online shopping. Thanks to the number of people taking the survey, I was able to categorize different needs, incentives and problems of online potential customers.

### **1.3 Brief history of the Internet**

This part is meant to briefly explain how the technology was initially developed until it evolved into the Internet that we all know today.

The first network was created in 1965 and was composed of two computers interconnected. The Internet is born in 1969 and was initially called ARPANET.<sup>1</sup> It was invented by the American Defense Advanced Research Projects Agency (DARPA) in order to allow military communication to keep working even in the case of a nuclear attack coming from the Soviet Union.

In 1972, a demonstration of the Internet took place at the International Computer Communication Conference (ICCC) and met a big success. Moreover, the introduction of electronic mail (e-mail) took place on the same year and would become the largest application for years. The ability to transfer files and to log into computers remotely was meant to be more economical than duplicating the complicated and expensive computers at the time. A complex protocol was developed using what they called "black boxes" to allow computers to be identified within a network and to make the communication between them easier.

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<sup>1</sup> LEINER, Barry M., CERF, Vinton G., CLARK, David D., KAHN, Robert E., KLEINROCK, Leonard, LYNCH, Daniel C., POSTEL, Jon, ROBERTS, Larry G., WOLFF, Stephen. Brief history of the Internet, *Internet Society* [online], October 15<sup>th</sup>, 2012 [http://www.internetsociety.org/sites/default/files/Brief\\_History\\_of\\_the\\_Internet.pdf](http://www.internetsociety.org/sites/default/files/Brief_History_of_the_Internet.pdf)

The Internet represented in fact the base on which anyone could develop new applications to improve the technology in order to better respond to various community needs. University students together with researchers and their desire to make their researches and results available more easily and freely for anyone else played a major role in the rapid growth of the Internet. The Internet is a combination of communities and their respective work to develop the technology itself.

Tim Berners-Lee initiated the World Wide Web and wrote the first Web browser, server and Web page which represented a revolution in the way people would use the technology. With the introduction and the rapid expansion of the Web in the early 1990s, a new coordination organisation called World Wide Web Consortium (W3C) was created and managed by the creator of the Web, Tim Berners-Lee. This organisation, comprising 377 members from universities to multinational corporations, is meant to improve protocols and standards essential to the good evolution of the Internet.<sup>2</sup>

The Internet is now a multi-usage tool allowing users to look for information at an international level, to communicate with others reducing barriers of distance and eventually to improve the overall experience.

## **1.4 Scope of applications**

The Internet has offered a wide variety of applications thanks to technology as initially designed in that sense.

At first, webpages were considered statics as they were only formed of text and no interaction with the user was possible. At that time the Web was used by companies like an online visit card providing basic information such as the name of the company, their location and sometimes the products they were offering.

In a second time, the Web became an exchange platform in which the user is more active and can add and share content. This change has helped the development of many other applications that would require more and more the user's participation.

Here is a description of the different applications reflecting the evolution of the Internet and its usages.

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<sup>2</sup> World Wide Web Consortium (W3C) *About W3C* [online].

<http://www.w3.org/Consortium/>

### **1.4.1 Web browsers & Search engines**

Web browsers are used to navigate through Web pages on the Internet. Today the most commonly known Web browsers are the ones from big brand names such as Internet Explorer from Microsoft, Google Chrome from Google and Safari from Apple.

Search engines have completely changed the way people access information. Information on a specific product, company or any other topic was hard to get and required lots of time and processes to gather some time ago. Nowadays, with search engines, people can easily find whatever they want by simply researching it online. The most famous search engine today is Google and a lot of people are using it on a daily basis. It is even becoming a phenomenon called “Googling” which means looking for something or someone up on that particular search engine.<sup>3</sup>

### **1.4.2 Mails, Chat & Videoconference**

One of the only applications created before the creation of the Web was the electronic mail and was designed to send and receive messages from distant computers. The Web however provided the infrastructure required for instant messaging also called chat and this represented the first attempt for direct connection between two users. Thanks to technology advances, it is now possible to communicate via other medium such as VoIP, a service allowing vocal communication, or Skype, allowing videoconferencing.

### **1.4.3 Blogs & Forums**

Blogs and Forums arrived approximately at the same time and they represented the first applications allowing users to initiate discussions on the Internet.

Moreover Blogs represented one of the first application allowing users to control their own personal environment online. It felt like a great revolution as users were able for the first time to add content and to share ideas online. Being able to shape your own space online in an easy manner was of real benefits and helped users enjoy a sense of belonging to a new community.

A Forum is a platform in which users can open discussions or express their opinion on different subjects organised in topics of discussion. Usually users have to log in with their identification data and then they are able to be part of the community involved in

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<sup>3</sup> ALFORD, Henry, A web of answers and questions, *New-York Times* [online], October 26<sup>th</sup>, 2012, [http://www.nytimes.com/2012/10/28/fashion/background-checks-and-personal-ethics-in-the-age-of-google.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2012/10/28/fashion/background-checks-and-personal-ethics-in-the-age-of-google.html?pagewanted=all&_r=0)

the forum. These forums have played a major role in creating online communities sharing the same interests and discussing ideas. Nowadays forums are often used to get help or feedbacks from others who have faced a similar situation. The spread of knowledge via forums reflected how much users needed to get, share and discuss information online.

#### **1.4.4 Video games**

The Internet has played a major role in the evolution of the video game industry as the first online multi-player video game was developed in the 1980s. Over time, players were able to play with friends or against other players online and as in game vocal communication became possible, very large communities were born. Nowadays video games often require subscription fees and offer additional contents against extra charges. The combination of personal expression and social collaboration helped developing virtual world games in which users can create, buy and sell objects improving the feeling of immersion.

#### **1.4.5 Social networks**

One of the biggest online trend of the 21<sup>st</sup> century concerns social networks. When some students decided to implement a network of all US universities and their respective students' profiles, it was actually the first attempt to gather people on a network and to encourage them to be active online under their own profile. This led to the introduction of famous social networks with hundred millions users worldwide. The most famous ones are Facebook, created in 2004 to share content with friends, Twitter, a micro-blogging social network born in 2006, and LinkedIn, more considered as a tool to establish a professional network official launched in 2003.

### **1.5 Macro environmental factors**

A short analysis of the macro environmental factors will be done using a PESTEL analysis. This method of analysis is covering external factors such as political, economic, social, technological, environmental and legal.

#### **1.5.1 Political**

The e-commerce industry is well recognized around the globe and some countries have adopted laws to regulate online activities. Today, some governments like Switzerland offer their citizens the opportunity to vote online as they are confident in the online security of the Internet.

In Egypt, the Ministry of Communication and Information Technology was set up in 1999 to improve the national ICT sector. It has helped raising awareness about the Internet and has encouraged the diffusion of Internet services in regions outside of Cairo. Furthermore, an initiative called “A PC In Every Home” was set in December 2002 by the government in order to improve the penetration of computers into households of lower classes by making computer equipment available at discounted prices payable via installments.<sup>4</sup> This measure was meant to have more people online and reflects a positive attitude of the government toward the Internet.

### **1.5.2 Economic**

As mentioned earlier, the technology has offered users the opportunity to access information remotely whereas duplication of computers was needed beforehand. This has reduced operational costs for companies and has helped improve internal and external communication. Nowadays videoconferencing is widely used in companies to avoid special meetings which required a lot of travelling at the time. The automatic creation of customers’ database has helped companies to better understand their clients’ needs and to better design their marketing strategies.

Users also find a way to benefit from the Internet as recently companies tend to offer special deals online at very appealing prices. Apart from the convenience of not actually going into a shop to buy a product, the price is a determinant factor that online companies are more appropriate to offer thanks to lower operational costs.

### **1.5.3 Social**

The Generation X saw the apparition of the Internet, the Generation Y saw it evolving with it and now the so-called Generation Z appeared to be the ones born with the technology. The evolution clearly reflects the attractiveness of online activities and this last generation will be more used to the Internet than ever before.

Social networks such as Facebook are very easy to use and young users tend to be the most interested to express themselves freely and to share contents with other friends. An important evolution of interest for social networks is also noticed for users

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<sup>4</sup> STENSGAARD, Anne-Birte, PC in every home – Egypt’s latest ICT success story, *AMEinfo* [online] May 26<sup>th</sup>, 2003, <http://www.ameinfo.com/24354.html>



over 40 years old according to a study done by Virtua, one of the leaders in digital communication for the French part of Switzerland.<sup>5</sup>

These generations are seeing the Internet as a chance to reach information more easily and thanks to the evolution of the e-commerce, users have now the opportunity to buy and sell products or services online. The recent concept burgeoning on the Internet is to offer customers special deals for trips, leisure activities or innovative products at discounted prices.

#### **1.5.4 Technological**

In a few years the Internet has evolved to another level. Indeed coming from exchanging basic text messages it can now embed at once text, voice, video and even more. This evolution does not seem to be slowing down as technology is in constant progress. With the recent apparition of smartphones and other portable devices such as tablets, the Internet is becoming even easier to access and the aspect of distant connections seems appealing for many new users.

#### **1.5.5 Environmental**

Due to the rapid progress made in technology, it is estimated that about 50 million metric tons of e-waste are produced each year worldwide. E-waste comes from electronic items such as TVs, laptops or mobile phones. These electronic devices contain high amounts of lead and as they are thrown in landfills or burned in incinerators, some toxics are released into the air. These toxics can cause damages to nervous systems, blood and kidneys. The total e-waste recycled is still low and that is why waste management is becoming an important concern in many countries.

#### **1.5.6 Legal**

The Internet is a free platform on which users are rarely limited in their actions. Nearly all online activities are perfectly legal and can be very appealing to new users. For instance it is very easy to create a website and keeping it updated. Apart from the small fees for the domain name, costs are very low and opportunities are infinite. Selling and buying products are also perfectly legal online activities that users are willing to experience. In Egypt an e-signature law was legislated in 2004 but not much had been

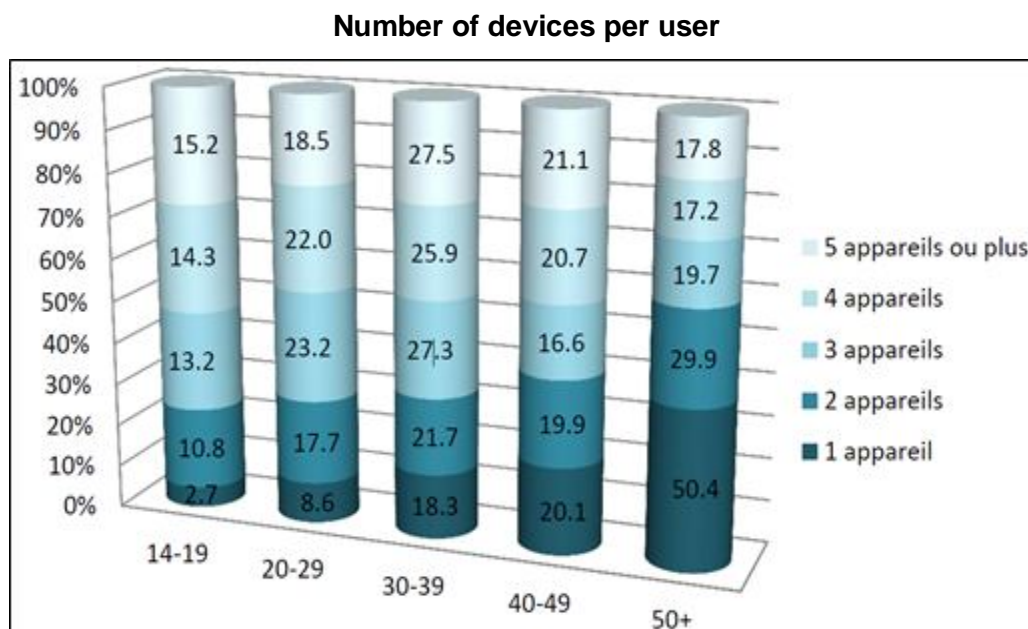
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<sup>5</sup> VIAU, Loeiza, Evolution linguistique et démographique de Facebook en Suisse – Une étude réalisée et actualisée par Virtua, *Virtua Marketing* [online], April 11th, 2002, <http://www.virtua-marketing.com/blogonews/evolution-linguistique-et-demographique-des-membres-de-facebook-en-suisse-mise-a-jour-virtua>

done since and the lack of regulation is a major problem for protecting online transactions. In Switzerland the regulations are the same as for any sale contract but the government is currently in discussion with the European Union to consider adopting the same rules as in the EU which are more secured for the final customer.

## 1.6 Devices

The Internet was initially designed for computers which indeed have remained the principal device used for years. Today people are connecting to the Internet from various devices and from various places thanks to progress made in technology. Recently, an independent Swiss entity issued a press release focusing on the number of devices used by the Swiss population to connect to the Internet. Approximately 19'000 people were interviewed to do this research.



Source: NET-Metrix-Base (2012)

The most important finding is that only 27.5% of Swiss citizens use only one device to connect to the Internet while all the rest declared using two or more devices.<sup>6</sup> The above graph illustrates the distribution of answers they collected by age range and clearly shows that a majority of users are connecting to the Internet from several devices.

<sup>6</sup> Communiqué de presse, *NET-Metrix* [online], April 3rd, 2013, [http://www.net-metrix.ch/sites/default/files/files/NET-Metrix-Base/NMB\\_2012-2\\_Communique%20de%20presse.pdf](http://www.net-metrix.ch/sites/default/files/files/NET-Metrix-Base/NMB_2012-2_Communique%20de%20presse.pdf)

### **1.6.1 Computers**

The early computers appeared around the mid-20th century for military purpose at first and then for commercial uses. In constant evolution, computers became more efficient and opened opportunities for companies to reduce costs and improve communication. Personal computers however only appeared in the 1980s and people got used to it over the years. Nowadays computers, including laptops, remain the main way of connecting to the Internet even with the apparition of competitive devices.

### **1.6.2 Mobile phones**

The mobile phone industry took an important shift with the apparition of wireless connections. As people started to enjoy accessing the Internet via portable devices, the rate of use has consequently increased. In developing countries the trend for connecting to the Internet seems to be mostly done via mobile phones. This can be mainly explained by the purchasing power of countries. Undeniably the cost of a mobile phone compared to the cost of a computer plays a major role in the way developing countries' connections are distributed.

### **1.6.3 Tablets**

The recent apparition of tablets appeared from different brands initially experts in the mobile phone industry. This is a device in-between computers and mobile phones allowing users to enjoy a tool offering new opportunities. As tablets are closely identified with mobile phones, people feel at ease while using them and tend to have confidence in those new devices.

### **1.6.4 Other devices**

The modern technology is starting to offer alternative devices for people to connect to the Internet. The most important ones to mention are televisions and game consoles even if it is not their main function. The Internet has created opportunities for televisions by making movies available on an online market and for game consoles by offering online networks, additional contents or basic updates.

## **1.7 Penetration of computers and the Internet**

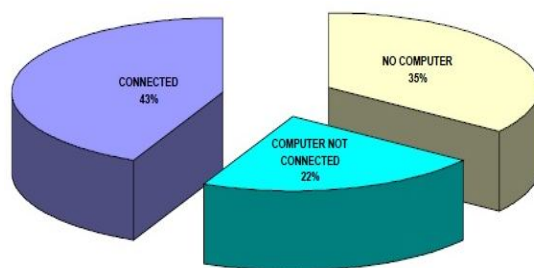
This part will study the penetration of both computers and the Internet into populations over the years. It will contain studies on the early users which are North Americans, on the evolution of penetration in Switzerland and Egypt until 2010, a comparison of both countries' penetration in 2011 and finally a rapid look at the global situation in 2012.

### 1.7.1 An early study

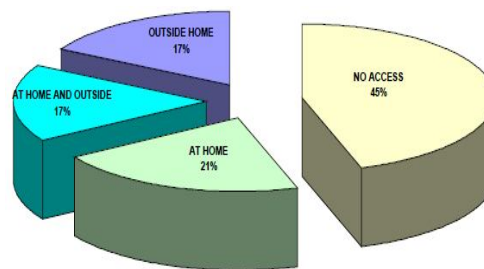
In 2000, Norman H. Nie and Lutz Erbring issued a preliminary report on "Internet and Society" in collaboration with the Stanford Institute for the Quantitative Study of Society (SIQSS). This survey took place in the early stage of e-shopping but nevertheless already showed some trends as North American citizen, from the United States in particular, appears to be the early users of the Internet.

The primary findings of that survey show that 65% of American households had at least one computer and that 43% were connected to the Internet.

**Households connected to the Internet**



**Individual Internet access**

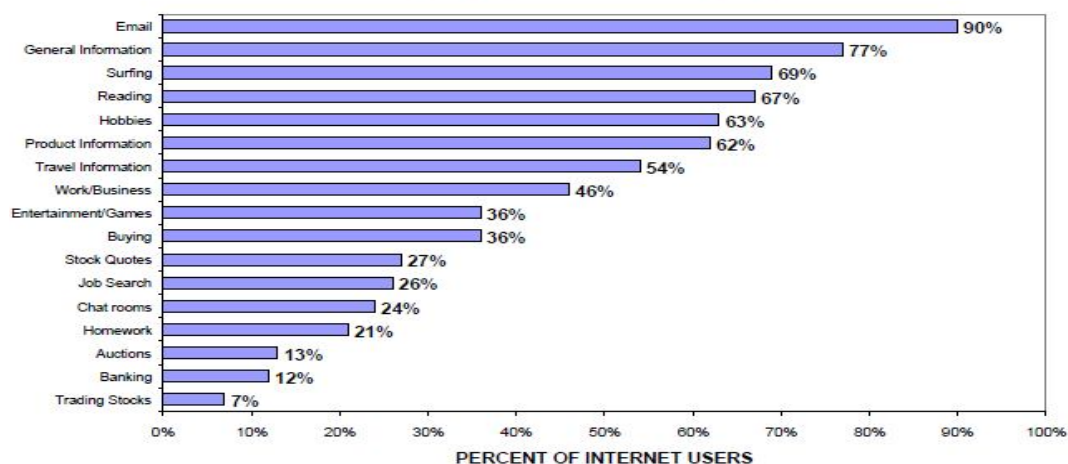


Source: Norman H. Nie & Lutz Erbring – "Internet and Society" (2000, p.24-25)

Already at this early stage of the Internet, 55% of American individuals had Internet access and 47% of those connected from home declared having made an online purchase at least once

The survey reveals that men tend to do more shopping online than women, that the income of the household is a determinant factor in the purchasing decision and that the average amount of money spent online was \$135. Already at that time, over one third of Internet users reported that buying online was one of their online activities as presented on the below graph.

**WHAT USERS DO ON THE INTERNET**



Source: Norman H. Nie & Lutz Erbring – "Internet and Society" (2000, p.9)

The author, Norman Nie, expresses some criticisms regarding the Internet and its impacts on social isolation.

*“The Internet could be the ultimate isolating technology that further reduces our participation in communities even more than television did before it ... It's not like TV, which you can treat as background noise. It requires more engagement and attention”.*

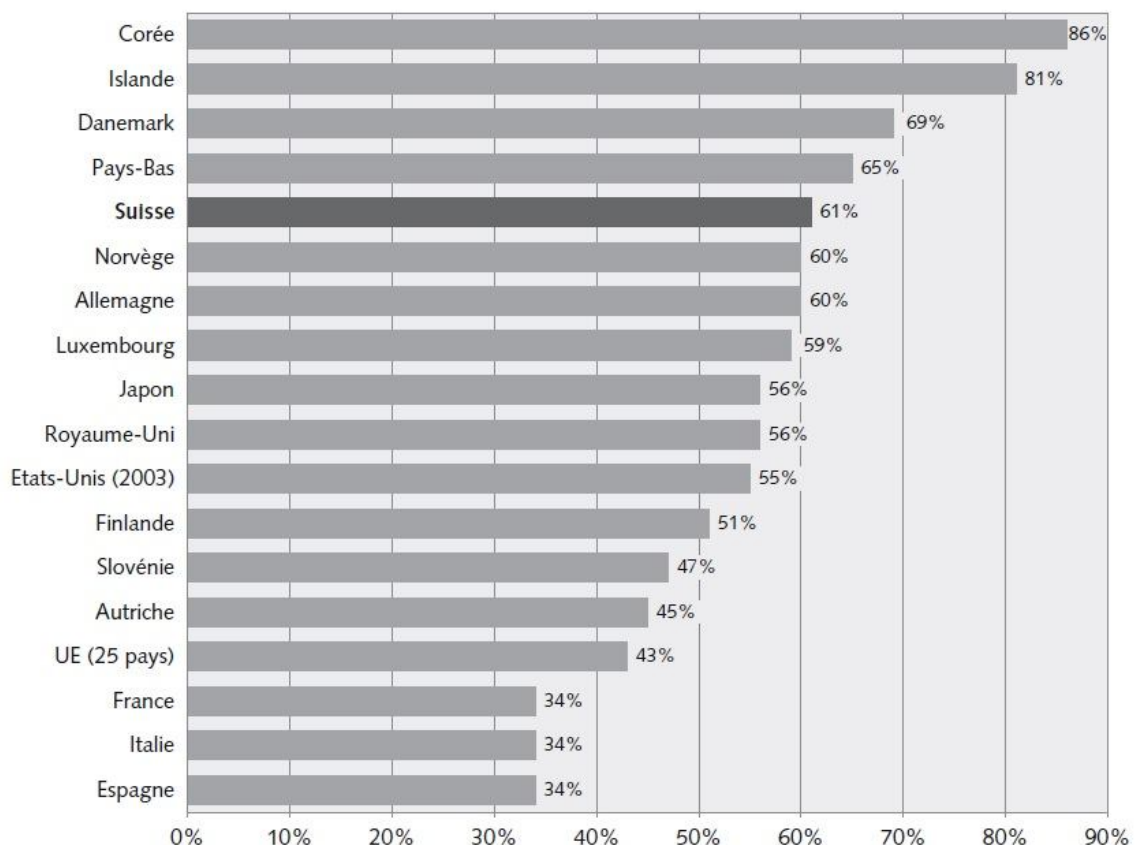
These remarks are however to be taken with caution as technology has evolved since then and the Internet is now widely used for social activities.

### 1.7.2 Switzerland's evolution

This section will describe the evolution of the penetration of the Internet in Switzerland from 2004 to 2010.

According to a survey done in 2004 by the Office Fédéral de la Statistique (OFS), 61% of Swiss households were connected to the Internet.

**Percentage of households with access to Internet: international comparison**



Source: Office fédéral de la statistique – Utilisation d'Internet dans les ménages en Suisse (2006, p.14)

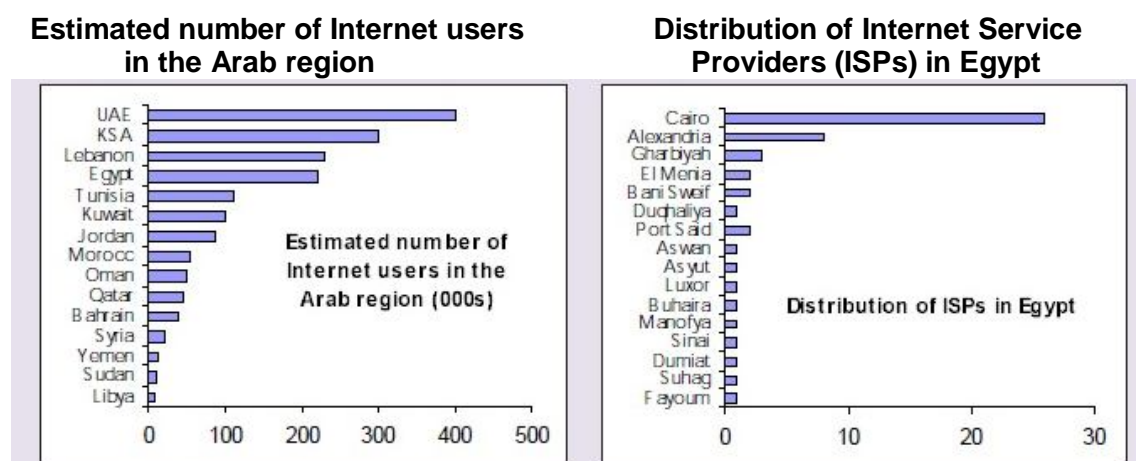
For international comparison, Switzerland was taking position in the top 5 behind South Korea, Iceland, Denmark and the Netherlands.<sup>7</sup> The majority of households connected to the Internet said they accessed it via a computer whereas only 1% of them declared using alternative devices such as mobile phone or TV. Regarding private uses, 36% of users said they have purchased a product or a service online ranking it at the 6th place of online activities.

In 2010, another survey also published by the OFS<sup>8</sup> mentions that 77% of Swiss households had Internet access and around 40% of them declared to be connected via their mobile phone. By 2010, online shopping took the 4th place of online activities with 55% of users affirming they have made a purchase online in the three months preceding the survey.

From 2004 to 2010, the number of people having made an online purchase at least once almost doubled from 1.8 million to 3.5 million. In 2004, 47% of users purchasing online used credit cards as a payment method whereas in 2010 this proportion reached 69%.

### 1.7.3 Egypt's evolution

In 2000, Egypt with over 200'000 users represented the fourth most important country in the Arab region in terms of Internet users behind the United Arab Emirates, the Kingdom of Saudi Arabia and Lebanon.



Source: International Telecommunication Union – Internet on the Nile: Egypt Case Study (2001, p.12)

<sup>7</sup> Utilisation d'Internet dans les ménages en Suisse, Office Fédéral de la Statistique [online] 2006 - <http://www.bfs.admin.ch/bfs/portal/fr/index/themen/16/22/publ.Document.87095.pdf>

<sup>8</sup> Internet dans les ménages en Suisse – Résultat de l'enquête Omnibus TIC 2010, Office fédéral de la statistique [Online], 2012 - <http://www.bfs.admin.ch/bfs/portal/fr/index/themen/16/22/publ.Document.155229.pdf>

However compared to the overall Egyptian population of around 60 million at the time, the penetration rate for individuals using the Internet was below 1% and most of them were located in Cairo as indicated on the above chart.

Investments made in telecommunications in Egypt have increased of 55% during the period between 2007 and 2010 to reach over 3.5 billion US dollars,<sup>9</sup> Egypt is in the top 20 of countries with the largest investments in telecommunications ahead of countries like the Netherlands, Switzerland or Belgium, which reflects the importance of that sector for such a country. From 200'000 Internet users in 2000 to over 20 million in 2010, this represents a massive increase in only a decade.

#### **1.7.4 Comparison in 2011**

This section will compare the utilization of the Internet for Switzerland and Egypt in 2011.

According to a report published by the International Telecommunication Union (ITU), 36.4% of Egyptian's households said they owned a computer in 2011. This represents a relatively small proportion compared to the 90% of Swiss' households for the same year. From that survey, findings show only 30.5% of Egyptian's households having an Internet access while Switzerland's penetration rate reaches 88.9%.

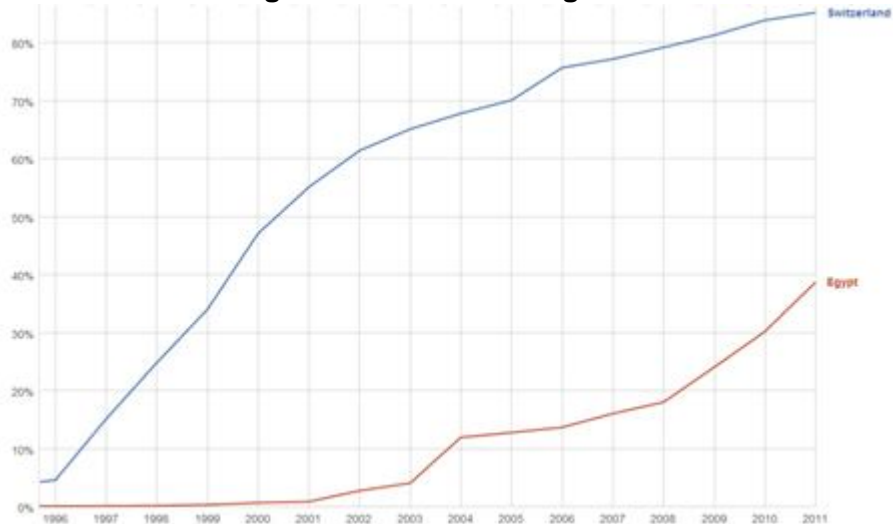
The next graph reflects the percentage of individuals using the Internet. Egypt and Switzerland respectively reach 38.7% and 85.2%. The respective numbers in terms of users are however disproportionate as they correspond to approximately 6 million in Switzerland and over 25 million in Egypt. The mobile phone industry obviously appears to be appealing for companies to invest in as it seems to be an important device used to connect to the Internet in developing countries like Egypt.

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<sup>9</sup> Measuring the Information Society, *International Telecommunication Union*, 2012, p. 148  
[http://www.itu.int/en/ITU-D/Statistics/Documents/publications/mis2012/MIS2012\\_without\\_Annex\\_4.pdf](http://www.itu.int/en/ITU-D/Statistics/Documents/publications/mis2012/MIS2012_without_Annex_4.pdf)



### Percentage of individuals using the Internet



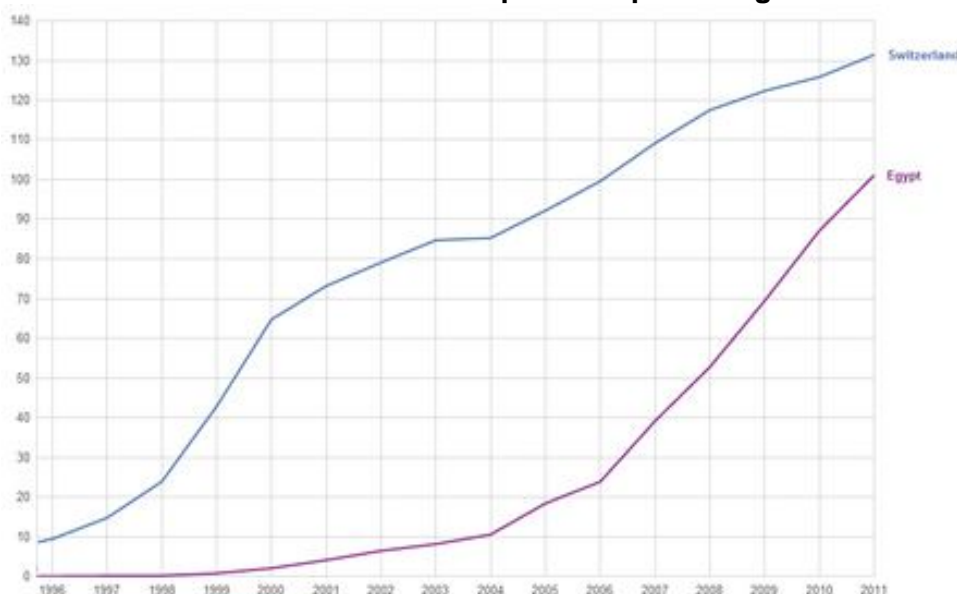
Source: International Telecommunication Union – Data explorer (2011)

The Internet access is very common in Switzerland as 39.2% of inhabitants said they had an access to the Internet from home. On the other hand 36.1% declared connecting to the Internet via a mobile phone. This makes a proportion for Internet access between computers and mobile phones of almost 50% for each device.

In Egypt only 2.2% of inhabitants declared having an Internet access from home. Considering the 80 million mobile-cellular subscriptions which represents a market penetration of 100% and with the improvements made in technology, we can definitely assert that there is a significant potential in that sector.

The next graph shows the growth in mobile phone subscriptions in Egypt and Switzerland.

### Mobile-cellular subscriptions in percentage



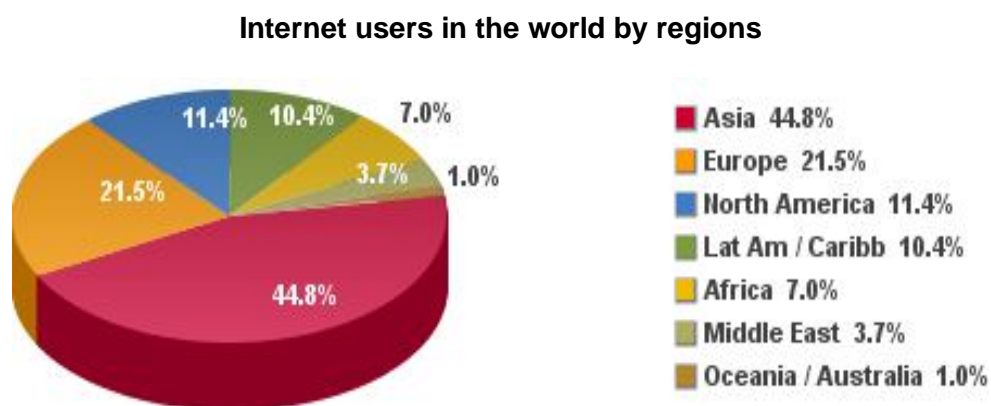
Source: International Telecommunication Union (ITU) – Data explorer (2011)



The previous graph on Internet usage reflected a difference of over 45% whereas on this one the difference is of only 30%. The rate of increase between 1996 and 2011 is of approximately 130% in Switzerland and 100% in Egypt. Much more citizens are interested in mobile phones rather than computer equipment for economic reasons. Recent data indicates that in Egypt only 2.29 million subscriptions were done for rapid Internet connections whereas over 10 million users are using their mobile phone on a daily basis. Access to the Internet seems to be much easier to do via a portable device rather than a connection from home which is sometimes difficult to get due to a lack of infrastructure or insufficient revenues.

### 1.7.5 World comparison in 2012

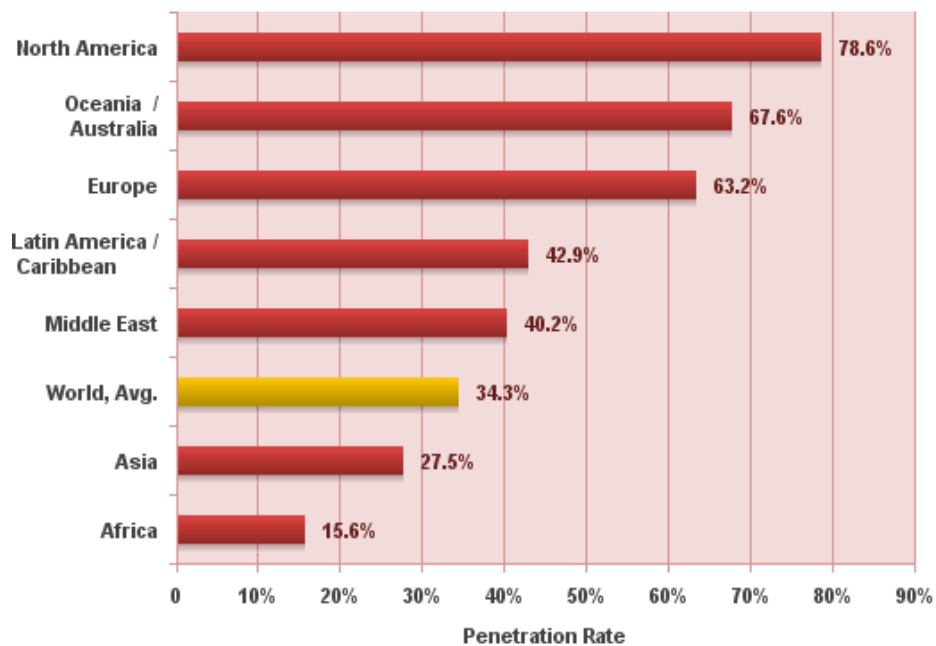
The following pie chart represents the distribution of Internet users by continents. The overall amount of Internet users is 2.4 billion and the largest part of them comes from Asia with a share of almost 45% of total users. Europe proportion of total users is constantly decreasing and accounts now for 21.5%. The African continent only represents 7% of total users but has seen its share increasing over the years.



Source: Miniwatts Marketing Group – Internet World Stats (2012)

When considering the Internet penetration in the World, North America is leading with 78.6% penetration rate whereas Asia and Africa have the lowest rate with respectively 27.5% and 15.6%. Europe stands in a good position with 63.2% penetration rate, almost twice as large as the world average of 34.3%.

### World Internet penetration rates

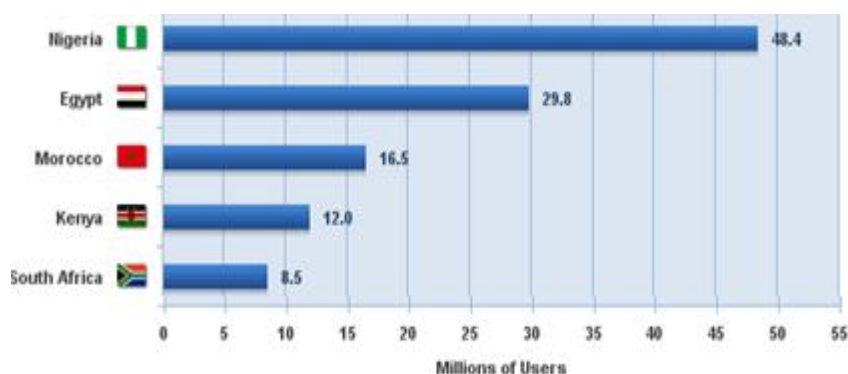


Source: Miniwatts Marketing Group – Internet World Stats (2012)

Even considering the high level of Internet penetration of continent like North America, Australia and Europe, they are altogether still representing a smaller share of total Internet users than Asia alone.

At the country level, Switzerland with an online population estimated at 6.5 million people has a penetration rate of 82.1% but represents only 1.3% of overall Europe users. With a penetration rate of only 35.6%, Egypt is now the second most important African country in terms of Internet users with almost 30 million people as presented on the graph below.

### Africa top 10 Internet countries



Source: Miniwatts Marketing Group – Internet World Stats (2012)

## **1.8 The trend of e-shopping**

In this part you will have a description of the evolution of social behaviour toward shopping. The initial parts will consider the usual physical purchase in shops that everybody has experienced at least once and the new method of purchasing products online via computers or other devices. Then, a rapid overview will be done describing some online selling websites active in Switzerland and in Egypt. The last parts will be devoted to study the e-commerce trend of both countries.

### **1.8.1 Physical purchase**

Initially, people used to trade or barter products that they had often produced themselves. Fairs and markets allowed people to shop on a weekly basis and specialised shops such as bakeries and butcheries appeared in major cities. Going back few decades ago, doing shopping in traditional shops as we know them today was an activity exclusively for people from the upper class. Nowadays almost everybody continue to go shopping as a leisure activity or in case of a specific need to fill in. Shopping also became a social activity when a group of people decided to meet and do their shopping together. The specific times during the year dedicated to sales represents an important factor influencing consumer's behaviour as some good deals could be found but eventually leading to big queues in stores.

### **1.8.2 Online purchase**

Today, the Internet and the large presence of computers into our lives have pushed shopping to another level. Indeed the concept of shopping has evolved and can now take place online from a computer or any other similar device as long as it is connected to the Internet.

Now people tend to consider shopping on the Internet as a potential substitute to any usual shop. With the introduction of the business-to-consumer model online, which consists of a transaction between a company and the end-user, many brands and other entities took advantage of the Internet and created platforms allowing customers to make an order online. This way companies are reaching easily more customers and at a relatively low cost. In a near future, the Web will be able to shape users' shopping experiences by customizing their advertisements' exposition.

### 1.8.3 Online selling websites

The Internet and the emergence of e-commerce have helped companies like Amazon to offer new online services. These websites offer an online marketplace where customers can access information on products, make an order and eventually pay for it.

Amazon.com Inc. is an interesting company as it is a business only present online and is currently the world's largest online retailer. Amazon sales reached \$48 billion in 2011 which corresponds to a 41% increase from the previous year.<sup>10</sup> Predictions are being made that by 2017, Amazon would become the world largest retail chain in non-grocery goods, surpassing the actual leader Wal-Mart Stores Inc.

In Switzerland, some smaller companies have come up with innovative concepts. The Groupon concept has expanded to Switzerland with offices based in Zurich since 2010. They offer special online deals with up to 50% discount provided that a minimum amount of orders is reached. eBoutic.ch was the first Swiss website offering private sales online. They offer discounts between 20% and 80% on branded fashion products. Moreover they have a separate affiliated website dedicated to vacations offering up to 70% discount on many stays in other countries. In 2009, eBoutic.ch announced 7 million Swiss francs of turnover representing a 400% increase from the previous year.<sup>11</sup>

One of the early online experiences offered to Egyptians' users was for food delivery. Otlob.com, an Egyptian company created in 1999, offered the opportunity to make an order online and have the food delivered at home with on-delivery payments. The company started with two employees and 10 listed restaurant and now includes 200 restaurants and represents 5 to 7 per cent of the food delivery market in Egypt. Recently new restaurants are contacting Otlob.com to be listed as they have roughly 50'000 customers ordering five times per month in average. Today Otlob.com has extended to the United Arab Emirates, to the Kingdom of Saudi Arabia and to Bahrain and provides its users with complete menus of their favorite restaurants to make their order easy and quick.

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<sup>10</sup> MOORE, Stefany, Will Amazon catch Wal-Mart by 2017?, *Internet Retailer* [online], April 17<sup>th</sup>, 2012, <http://www.internetretailer.com/2012/04/17/will-amazon-catch-wal-mart-2017>

<sup>11</sup> BOULACHIN, Manon, Le succès de la vente en ligne, IBcom [online], September 17<sup>th</sup>, 2010, [https://s3-eu-west-1.amazonaws.com/eboutic-production/press/pdf/82\\_article.pdf?1341234406](https://s3-eu-west-1.amazonaws.com/eboutic-production/press/pdf/82_article.pdf?1341234406)

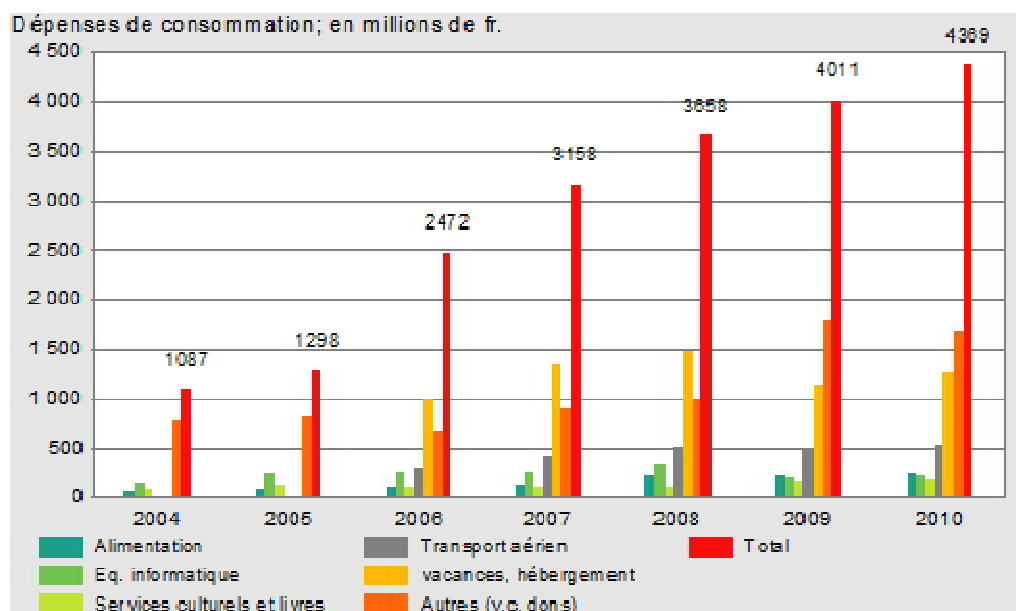
In Egypt, with such an important population, online companies decided to follow the same concepts as the ones like Amazon or Groupon. Indeed Souq.com, a Dubai headquartered company, is often called the “Amazon of the Middle East” offering more than 200'000 products and attracting about 8 million visitors per month. Jumia Egypt is a start-up created in July 2012 supported by Rocket Internet, a German online venture builder. With now 60 employees, Jumia Egypt offers more than 600 brands and over 20'000 products such as electronics, watches and clothes. The Groupon concept has inspired founders of Offerna, an Egyptian company created in 2011, which was the first group-buying website in Egypt.

They pay much attention to the user's experience as they offer cash-payments on delivery, free return policies and other additional services to improve the level of confidence of their customers. The late revolutions seen in the Arab region have increased the use of social networks and this is why they all have their own Facebook page with about half a million “likes”.

#### 1.8.4 E-commerce in Switzerland

Households' online spending between 2004 and 2010 have increased from 1 billion to almost 4.4 billion Swiss francs according to the Office Fédéral de la Statistique (OFS).

**E-commerce: households' annual spending on the Internet**

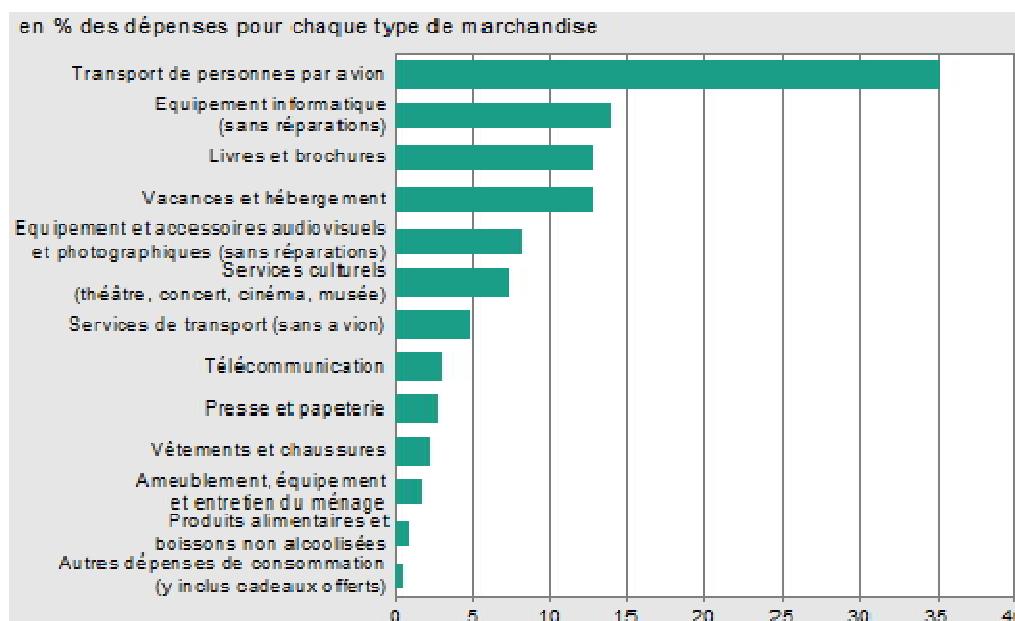


Source: Office fédéral de la Statistique – e-commerce des ménages privés (2010)

In the first quarter of 2010, 55% of regular Internet users, which represents 2.8 million people, reported having ordered a product or a service online. The most important volume of sales done through the Internet is represented by flight tickets as over one

third of them are done online. Computer equipment (14%) takes the second position followed by both books and holiday packages (13% each).

### E-commerce: households' spending by type of good



Source: Office fédéral de la Statistique – e-commerce des ménages privés (2010)

For comparison, Switzerland is above the EU 27 average of 31% with 47% of the overall population declaring to have made an online purchase in the last three months.

### 1.8.5 E-commerce in Egypt

As the usual credit cards are the most frequent payment method offered to online customers and as in 2010 only 10% of Egyptians owned a bank account, it is easily foreseeable that the e-commerce industry is still underdeveloped in Egypt.<sup>12</sup> Moreover approximately 45% of the population is under 18 which means that they are not entitled to have any cards issued from a bank. Hence less than 2% of the population owns a credit card according to a market research done by RNCOS and consultants from Oliver Wyman. Thanks to some political measures linked with the credit culture this number should increase for the coming years. The cash-on-delivery method appears to be the most efficient alternative that is now available on some websites. Recently companies are using social networks to attract new customers as they benefit from the creation of networks sharing common interests. With the number of Egyptian women online rising over the years, it is starting to be considered as an important target for

<sup>12</sup> AXELROD, Matthew, BROCKMAN, Stephanie, DOUMET, Francis & ZAHR, Salma, e-Commerce in Egypt, *Knowledge@Wharton* [online], March 1<sup>st</sup>, 2010, [http://knowledge.wharton.upenn.edu/arabic/article.cfm?articleid=1209&language\\_id=1](http://knowledge.wharton.upenn.edu/arabic/article.cfm?articleid=1209&language_id=1)

many businesses. The proximity offered by social networks allows companies to better answers customers' questions and claims. Moreover they want to make customers at ease when buying online in providing flexible return policies. The Internet and the use of social networks have helped new businesses to set up and to offer competitive prices compared to the ones of traditional retail shops. The increasing Arabic content will help influencing customers as they would feel more comfortable using their native language during the online shopping experience.

In 2013, Egypt is rather a difficult market with high computer illiteracy, still poor telecom infrastructures and destabilized economic conditions due to the recent revolution. With nearly a fifth of the population living under the national poverty line, cash-on-delivery payments is a necessity for any prosperous e-commerce website in the country. Many banks are not allowing their customers to buy for products online as they are afraid of mass refund claims. A survey conducted by Arab Advisors reveals that 22.4% of Internet users in Egypt are using e-commerce services to either buying products or paying bills online.<sup>13</sup> This survey also reflects that the most purchased products by Egyptian' customers are electronics, followed by software and flight tickets. Egyptians' online spending is expected to triple to reach \$447.3 million by 2016 according to Euromonitor International. An interesting aspect to consider is the smartphones penetration in Egypt which is about 26% in 2012 and is expected to continue rising. Smartphones seem to be an alternative device to buy products on the Internet as 41% of smartphones users have declared that they have made an online purchase on their device.

## 1.9 Prior assumptions

Here is a description of the incentives and barriers initially thought regarding online shopping. The idea is to determine if they are effectively very important for customers when shopping online. Indeed, a business idea based on these assumptions was developed before this study and it was supposed to answer customers' needs in Geneva. This idea will be explained in one of the following sections.

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<sup>13</sup> MESSIEH, Nancy, Middle East witnessing a regional e-commerce boom, says Arab Advisors, *The Next Web* [online], April 25<sup>th</sup>, 2012, <http://thenextweb.com/me/2012/04/25/middle-east-witnessing-a-regional-e-commerce-boom-says-arab-advisors/>

### **1.9.1 Incentives**

My point of view is that the main incentives that are encouraging people to shop online are the price and the choice. As mentioned earlier, customers tend to go more in shops during sales period to find good deals and the Internet has changed this habit. Indeed people are now often assimilating buying online and getting a good price. Users can now benefit from good deals during sales period while avoiding crowded shops and queues at the cashier. Moreover the Internet has created multiple online selling points and finding good deals online seem to be now possible at any time of the year.

Another important aspect relates to the choice of products available online. The Internet represents a virtual platform on which any company can offer its products or services to clients worldwide however being physically present in only one place. Companies enjoying the low-cost opportunity to reach a wider audience created a revolution in the way they would offer their products and resulted in numerous online selling websites. This made possible for Internet users to have a collection of results when shopping online and to have easy access to product-related information. Concerning the availability of products, people can now order a product the day of its release whereas without the Internet they would have to wait a long time to eventually see it coming out on the market.

### **1.9.2 Barriers**

I feel the main barriers for people when considering shopping online are linked with security and trust issues. The most important one concerns security aspects as customers would have to deliver personal data such as names and address but also financial data such as credit card number. People want to have a secured payment process to be sure that their financial data will not be violated and the same applies for personal information. Moreover people would have to put their information online, which reinforces the fear of being intercepted or hacked by intruders. For these reasons, people need to have trust in the company they are dealing with and to feel secure when making a payment. I strongly believe that companies going online will gain customers' confidence more easily if they are already well recognized as a brand or if they are associated to reliable and well-known partners.



### **1.9.3 Business concept**

The initial concept of the business was thought during my studies in HEG-GE and was presented as a short business plan. It was meant to offer users a new way of purchasing products online. The idea was to offer customers the opportunity to benefit from the large online choice offered by the Internet while being secured in the payment method as they would pay in cash.

In a few words, the aim was to open an office in Geneva in which customers would come, use one of our computers to choose a product online, make an order in the name of our company and eventually pay us in cash at the cashier to finalize their purchase.

The concept was based on the idea that people would feel more confident knowing that the company is physically present in the region and that paying in cash still represents the most secured way to buy a product. Moreover this concept provided to opportunity for customers to buy products on the Internet without subscribing to any online form which is greatly reducing the risk of fraud.

As the idea was not developed on a market research but only based on personal assumptions regarding the Geneva's population, this study would eventually help in verifying the early assumptions.

This research will help first to check whether the assumptions were correct so that such a concept would actually work in Geneva. Secondly, as this study also focuses on Egypt, it will also help in assessing if such a business would be suitable there, according to their needs and expectations.

## **2. Analysis**

This part of the study will be divided into two sections respectively for the semi-structured interviews and the online survey.

### **2.1 Qualitative interviews**

The initial step of my research consists of six semi-structured interviews in order to better conceive the quantitative questionnaire that will be distributed afterward.

#### **2.1.1 Methodology**

The collection of qualitative data was done through semi-structured interviews. In total, six interviews were done, from which three were face-to-face meetings with Swiss citizens and three were online meetings with Egyptian citizens.

The interviews with Swiss citizens were done either at school or at a coffee shop and the ones with Egyptian citizens were all done from home via Skype.

During face-to-face interviews I used a tablet as a support and I also took notes on it to remember the key elements that were discussed. Regarding the interviews done through Skype, as I was on a computer I was able to open a word document aside and write the essential of the discussion.

#### **2.1.2 Synthesis**

This section will contain the most relevant findings of the semi-structured interviews and they will be separately described for Swiss and for Egyptian interviews.

#### **2.1.3 Interviews for Switzerland**

In Switzerland people seem to have owned computers since quite a long time and have seen the Internet arriving into their homes gradually over the years. Adults perceived computers as a professional tool to type letters or send e-mails. Younger users wanted to have access to the Internet to be able to be active in forums, to discover new fields of the Internet in creating a website or simply the desire to enter new communities or play video games.

Apparently online shopping seems to be considered a very attractive online activity however it took them some time to get used to it. The Internet offers users the ability to get information easily and to compare between different websites. Overall it is very

much appreciated for its gain of time as it can be done anywhere without opening hours restrictions. The youth experienced however some difficulties when considering purchasing online about the payment methods. Indeed most of the websites offers credit payment methods which is not very easy to access for young users.

Most users focus their expectations when shopping online toward the reputation of the website. Indeed they tend to trust more easily websites of brands they already know and have confidence in. The affiliation with reliable partners seems to also be consistent with this idea of reputation. Some others even look for customers' feedbacks online to check whether they are reliable and efficient or if it is a complete scam. They want clear and easy to use websites, quick access to products' information and being relaxed by having different policies in terms of returns or guarantees. Products not available in the country are attracting to Swiss customers as the Internet is the only way to get them.

Online shopping is very much considered by users for different reasons. One of the main reasons concerns the gain of time which is undeniable knowing that website can be accessed from anywhere via the Internet and that online website do not have opening hours. Therefore users can make their purchase from home or from work which makes them more relaxed than going into often crowded physical shops. The large choice offered by the Internet is also a determinant factor as people do not always know exactly what they need. Sometimes products are available online before being present in physical shops and occasionally those products never come out in retail shops. On the Internet, users have the opportunity to compare products and to have technical details by themselves and to look for the best deal in terms of price. The younger users are pleased to find websites offering flexible payment methods such as cash on delivery.

Users' reluctance to buy online is mainly due to the risks of forgery products or fraudulent usage of personal or financial information. The complexity of the purchasing process as well as the conception of the website can also influence customers as long loading time and errors can represent major barriers during the decision. As already mentioned some users are making some research on forums to look for customers' experience. In case bad feedbacks are too frequent it would be unthinkable to order from this website.

The most common products purchased online appear to be flight tickets, books, electronic devices and other online deals. People shared different opinions on purchasing clothes online as some consider that such a product needs to be tried

before buying it. There seems to be an opposition to buy branded fashion clothes or medical drugs as the origin and quality of the product is often questioned. Swiss' users are also quite opposed to buy furniture online for measurement and shipping cost reasons. The limitations of money to be spent on an online purchase ranges between 500 and 5000 according to individuals' revenues and level of trust in the concerned website.

#### **2.1.4 Interviews for Egypt**

In Egypt users appears to have been in contact with computers mostly during their studies and at work. Some of them acquired one few years later when they could afford it but it remained an expensive product. The Internet however was difficult to get for many of them and the situation was even worse when living outside Cairo. Therefore access to the Internet was done in specific location being private or public. Egyptians mainly used the Internet to access information, to send electronic mails and nowadays to participate in social networks.

The Internet in itself was already considered as an extraordinary product offering complicated applications requiring technical knowledge. Therefore it is quite normal to see that online shopping seems to be a wholly new experience for Egyptian's users. Opportunities offered by the Internet seem unlimited and accessing to products from different regions in the world online is very appealing to them. It remains however an activity in which they have limited confidence even though they are very interested in the large choice offered by the Internet. In Egypt, some are considering making a purchase while others are still reluctant to put personal information online.

Regarding expectations when shopping online, Egyptians' want to benefit from the large range of products offered by the Internet but are also looking for security in the process. Undeniably they are very concerned about security as they are not used to purchasing products online and this is why they are for most of them still in the phase where they only get information on products. Some users see online shopping as a new experience reducing geographical barriers allowing easy access to products from all around the world.

In Egypt, people would be willing to shop online if a specific product they need is not available in the region or if relatives are recommending the website. They look for original products with appealing prices that are competitive with the ones found on the market. They however care about security issues and that is why they want to make sure that their customers' rights will be respected in case or problems.

The main barrier stopping an Egyptian's customer to make an online purchase is mainly due to the website conception. They want to have contact information, a reliable customer service and a clear set of rules regarding quality, guarantees and delivery. Not to mention that a website full of errors is often considered as a lack of security.

Egyptian's users seem to be looking for the same kind of products as in Switzerland. Actually they are interested by books, clothes and small electronic devices. They are however still reluctant in purchasing very expensive products online as they have limited trust in the process. Therefore even if they are also interested in flight tickets, they would not spend too much online. The major product that Egyptians' users would never buy online is everything related to food. They consider food as a natural product which they need to touch and see before buying it. For them, the Internet will never replace the old fashioned habit of going into markets to choose their own fruits and vegetables.

## **2.2 Quantitative survey**

### **2.2.1 Planning and objectives**

The aim is to collect data from individuals both in Switzerland and in Egypt. In order to make it possible I had to create an online survey that would be sent online. It seemed easy to collect enough data in Switzerland as it is my country of residence. However in Egypt, my private network is quite limited so I am planning on asking them to spread the link via their own networks.

### **2.2.2 Methodology**

The quantitative survey will be done through the Internet on SurveyMonkey, an online application allowing users to create surveys, to send them via email or basic web links and eventually to analyse the collected data. For the good success of my research I decided to create one questionnaire for each country respectively in French for Switzerland and in English for Egypt. I chose to do the English version first as it is the main language of this research and as French is my mother tongue, it would be easier to have a precise translation. The aim of this quantitative survey is to collect as much responses as possible to better define people's expectations toward online shopping.

### **2.2.3 Target**

The main target for this survey is people using the Internet frequently as the survey will be spread over the Internet. The target age range would be people between 15 and 30

years old as I believe they represent the main users of online shopping in both countries.

#### **2.2.4 Sample**

The survey in Switzerland was spread through family, friends, social networks and the Haute Ecole de Gestion de Genève. In Egypt due to a limited personal network, the survey was mainly spread through family and friends from the American University in Cairo (AUC).

The two surveys were online during two weeks and gathered respectively 303 people in Switzerland and 116 in Egypt. The rate of completion is of 89.8% for Switzerland making 272 completed questionnaires and of 84.5% for Egypt making 98 completed questionnaires.

#### **2.2.5 Questionnaire**

The questionnaire has been created in different sections following a logical path.

The initial questions concern basic access to Internet and which devices are used to do so. Below are the first questions regarding this topic.

- Do you have a computer or any similar device at home?
- Do you have Internet access at home?
- How many devices do you have in your household? (connected to the Internet)
- Would you use any of these devices to buy online?

The fifth question was meant to have their general perception of online shopping.

- In general, how would you describe online shopping?

Questions 6 and 7 were created to identify the main differences between a physical shop and an online selling website and to know people's opinion on how to reduce these differences.

- What is the main difference between a physical shop and an online website?
- How would you imagine these gaps could be reduced or even removed?

The question 8 asks people whether they have made an online purchase at least once. The idea is to see the percentage of users having experienced online shopping.

- Have you ever purchased a product online?

If answerers say “Yes” to the previous question, some further information are asked on the products bought and the reasons linked to the purchase.

- What did you buy?
- For what reasons?

If answerers say “No” to question 8, they have to provide reasons why they have never purchased online.

- Why not?

The next two questions are linked with trust toward the Internet in itself and online payment systems used when purchasing online.

- Do you trust the Internet?
- Do you trust online payment systems?

The last questions ask people whether they would be willing to put personal or financial information online as it is usually required when purchasing a product online.

- Would you agree to put personal data online such as name, address or phone number?
- Would you agree to put financial related information such as bank account or credit card numbers?

Eventually some demographic information is asked at the end of the survey such as country of residence, age, gender and occupation. This will allow me to make comparison between similar group of people from Switzerland and Egypt.

## **2.2.6 Analysis of the results**

To analyse the results, the data collected will be explained under different topics. Moreover each topic will have a section regarding both the situation in Switzerland and in Egypt and eventually a comparison between the two countries.

### **2.2.6.1 Surveyed profiles**

The questions concerning demographic were asked at the end of the questionnaire but in the context of analyzing the data, it seems more logical to start by identifying the characteristics of the respondents.

#### **Switzerland**

From the 272 people having completed the French version of the survey, 95.6% of them were living in Switzerland with a majority of 80% being between 20 and 29 years old. The gender shares were pretty equals with about 55% and 45% of men and

women, respectively. Most answerers were students, 66.2% of them to be precise, or employees for about 25% of them.

### Egypt

From the 98 people having completed the English version of the survey, 95.9% of respondents were living in Egypt and about two third of them were between 20 and 29 years old. About one third of answerers were women and accordingly, two third were men. Due to the network used to spread the survey online, most answerers were students for about 60% of them.

### Comparison

The initial thinking is whether the collected data regarding demographic information correspond to the target previously planned. Indeed the target was reached as for both countries, people from 14 to 29 years old account for almost 85% of total respondents. No relevant distinction is to be made toward gender proportion but the majority of answerers in both countries were students.

#### **2.2.6.2 Devices**

As mentioned before, the initial questions were related to whether they had a computer and/or an Internet access at home. Some further questions were asked to know which devices are used to go on the Internet and which one would be seen reliable enough to purchase a product online.

### Switzerland

Penetration of computers in Swiss households seems to be massive as 98.3% of total respondents affirmed possessing one at home. The situation is quite the same regarding the penetration of the Internet as 95.7% declared connecting to the Internet from home.

In Switzerland, individuals seem to use several devices to connect to the Internet. These connections are mainly done via computers or smartphones as over 95% of answerers declared having at least one computer and one smartphone in their household. However when considering online purchases, with 71.8% declaring that they would use a computer to buy a product online, computers remain undeniably the most trusted device far ahead of smartphones and other electronic devices.



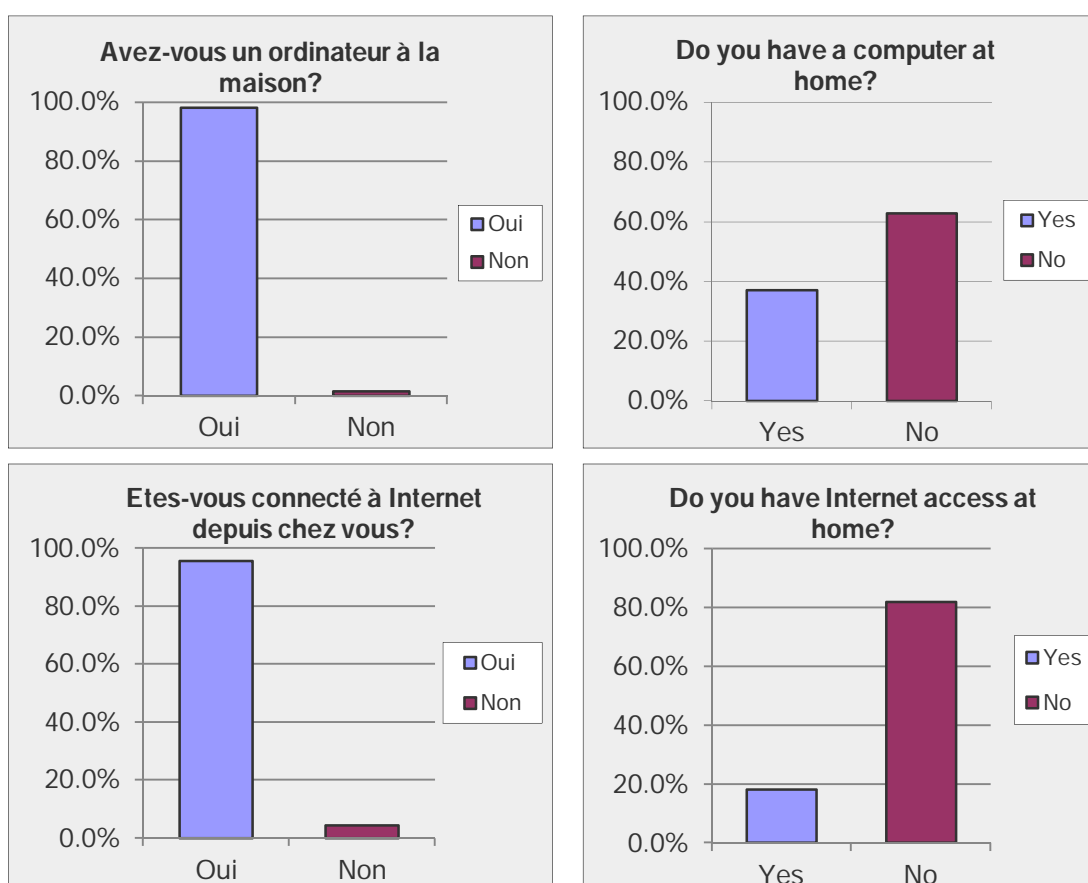
## Egypt

The story is very different in Egypt as the penetration of computers in Egyptian households reached only 37.1% according to the collected data. Moreover only 18.1% of answerers declared having an Internet access from home.

Regarding devices used to connect to the Internet, smartphones appear to be the leading device. Indeed only a few of them declared owning a computer whereas over 90% declared owning at least one smartphone. Regarding the use of devices to purchase products online, no real distinction seems to be made toward computers and smartphones as about 50% declared that they would probably use any of them to make an online purchase.

## Comparison

Swiss and Egyptian households' penetrations of computers and the Internet are very different. Find below the respective graphs.



Online survey – Computer and Internet penetration (2013)

Indeed in Switzerland, those numbers are very close to 100%. Thanks to various policies applied by the Egyptian's government, the penetration of computers has increased over the years but still remains at a relatively low rate compared to

Switzerland. Due to the lack of infrastructure and the high prices of computers, Egyptians tend to have chosen smartphones as the ideal device to connect to the Internet. The mobile phone has always been a major industry in Egypt and being able to connect to the Internet via their usual device appears to be the most appealing and cost efficient solution for Egyptian users.

### 2.2.6.3 General perception

This section will consider the general perception of online shopping for Internet users. The main idea was to assess which factor would best describe online shopping. The three options available were regarding prices, choice and time.

#### Switzerland

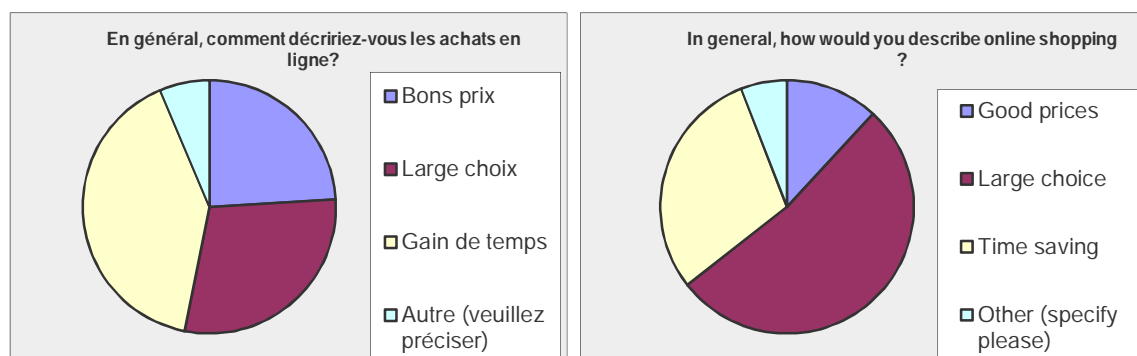
Online shopping is mainly perceived as a gain of time in Switzerland as over 40% of respondents have chosen this option. With respectively 29.1% and 24.1%, the factors of large choice and good prices appear to be less important in customers' mind.

#### Egypt

In Egypt, over 50% of users consider online shopping for the large choice that is offered by the Internet. About one third of respondents perceived online shopping as a gain of time and just over 10% are associating it to good price opportunities.

#### Comparison

The two pie charts below represent the distribution of collected data on how people perceive online shopping in both countries respectively Switzerland on the left and Egypt on the right.



Online survey – Online shopping perception (2013)

In Switzerland, opinions are much divided with however a majority declaring that online shopping is a gain of time. The gain of time is made possible thanks to inexistent opening hours so that customers can do their shopping at any time and to the

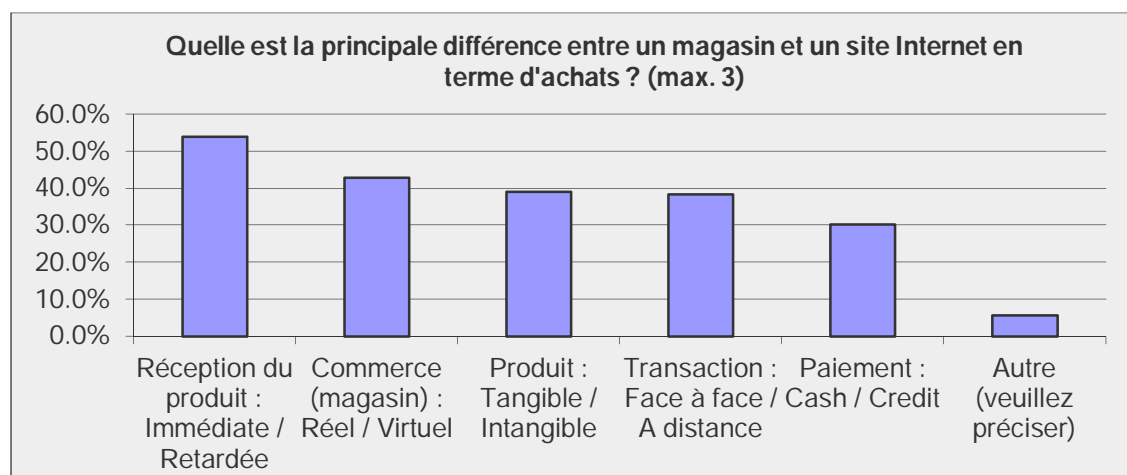
convenience of not actually going into a shop but doing it from anywhere on a device connected to the Internet. On the other, in Egypt, online shopping is mainly perceived as a way of accessing a large choice of products. Indeed Egyptians' market access can sometimes be difficult for external companies to enter and many products have never reached physical shops in Egypt. The Internet is now offering Egyptians' users the opportunity to get products from anywhere in the world and to access the most famous brands that were not available before. It is also interesting to notice that the factor of price is the least representative aspect of online shopping for both countries.

#### 2.2.6.4 Main differences

This part concerns the main differences for customers between buying in a physical shop or on an online website. The idea is to determine what those differences are and to identify how they could be reduced.

##### Switzerland

The main difference for Swiss citizens appears to be regarding the delivery of the product for 54% of them. Indeed the delivery is immediate in a physical shop whereas a few days are necessary to obtain a product ordered online. The shop being real or virtual, the transactions being face-to-face or distant and the tangibility of the product all represent important differences for about 40% of respondents. The payment being done in cash or using a credit card arrives in last position with 30.3%.



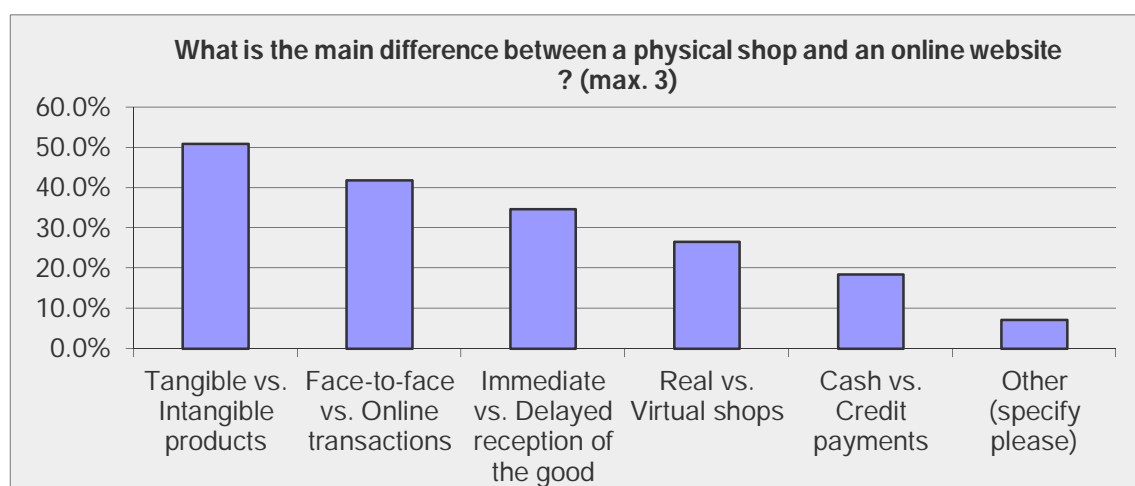
Online survey – Main differences CH (2013)

Almost half of total answerers affirmed that having a physical shop in the region is a determinant factor for online selling companies which could help reduce the difference between a physical shop and an online website. Having a good return policy, reliable partners and a 24/7 online support would also be considered as relevant factors in

reducing those differences. The last category accounts for 20.9% and concerns the access to other payment methods than the usual credit payment.

## Egypt

In Egypt, the tangibility of the product seems to be the most important factor for 51% of respondents as reflected on the below bar chart. Undeniably, being able to touch and try a product is decisive in the purchasing decision and the Internet will probably never be able to offer such a feature. In the order, factors of transactions (41.8%), delivery of the good (34.7%) and shops (26.5%) are very important to Egyptian's customers. Similar to the situation in Switzerland, the payment method arrives in last position.



Online survey – Main differences EG (2013)

The major factors helping in reducing the above mentioned differences could be a 24/7 online support and a good return policy. They accounts for respectively 61.2% and 49% of total answers. Having a physical office in the region could also be a good way of reducing the gap for 30.6% of them. Roughly 15% of Egyptians are concerned about having access to other payment methods and reliable partners' affiliation.

## Comparison

Where in Switzerland the main concern goes toward the delayed delivery of the good, Egyptian's users focus more on the product itself. It is more common for Swiss users to buy products online and they are therefore already used to not being able to touch or try the product. They rather think about how long the delivery process will take until they finally receive the product. As Egyptian's users are still in the process of discovering online shopping, they are still held back by the intangibility of products when buying online. In Switzerland users are also concerned about the shop being physical or virtual while Egyptians are more focused on the distant transaction in which they have low confidence as they are not used to it.

Accordingly, Swiss respondents believe that having a physical presence in the region would raise their trust as they would be able to visit the office in case of any problem. In Egypt however, people are convinced that an online support for customers' assistance would be very helpful as they would be able to contact them if they need additional information or in case of litigation. Swiss users tend to rely on the basis that being able to have a face-to-face contact for such cases would be a secure way to solve the problem while Egyptians might not consider a physical shop of any utility when buying online if there is an online support available. The problem of intangibility of products could be solved in both countries thanks to good return policies in place.

#### 2.2.6.5 Online shopping ?

The goal of this part is to check whether the online shopping has been experienced by the respondents of both countries.

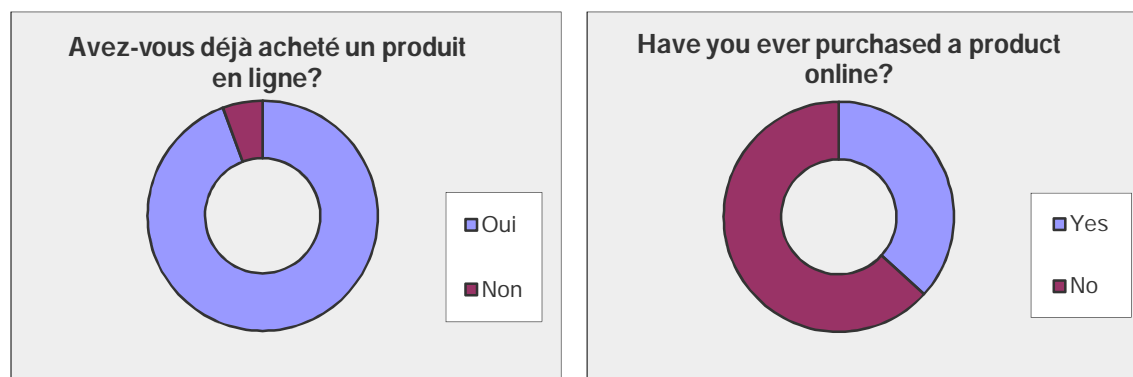
##### Switzerland

The vast majority of Swiss respondent declared having made an online purchase at least once as the proportion reaches 94.4% of total answerers.

##### Egypt

Egyptian's users are less used to online shopping as only 37.1% of respondents declared having made an online purchase at least once.

##### Comparison



Online survey – Have you ever purchased a product online (2013)

When comparing both countries, the results are very different as presented on the above graphs. The graph on the left represents the Swiss population and the one the right represents the Egyptian's population. Almost all Swiss respondents declared having already purchased a product online whereas about one third of Egyptian respondents declared the same. This important difference can be explained by the lower computer penetration as discussed earlier and by the late emergence of e-

commerce in Egypt. As Egyptians have been less exposed to online shopping in the past few years, only a small proportion of them have actually experienced it.

#### **2.2.6.6 What and why**

This section is meant to identify the most appealing and most frequently purchased products on the Internet. Indeed the Internet has offered a wide choice of products but some categories are more attractive to customers than others. The second part of this section aims at identifying the main reasons why they have made an online purchase.

##### **Switzerland**

The below table represents a list of the most purchased products online according to participants' answers. They are listed in the order of their proportion of total answers.

Category	Proportion of answers
Flight tickets	83.6%
Clothes	70.9%
Books	43.7%
Electronic devices	40.7%
Leisure activities	30.6%
Used products	25.4%
Food	18.7%
Home appliances	15.3%
Furniture	5.2%
Other	11.2%

Online survey – Most purchased products CH (2013)

The most represented category represented in Switzerland concerns the airline industry as 83.6% declared that they have bought flight tickets online. The second most important category concerns the fashion industry as 70.9% of respondents declared having purchased clothes online. Books and electronics take the 3rd and 4th position as over 40% of respondents selected this category and about one third declared that they have bought leisure activities online. The least important categories have gathered between 5% and 25% of total answers.

Regarding why they have bought such products online, the reasons are much divided however three of them appear to be the most important ones. The first reason with 52.6% is related to the attractive prices of products available online. The second most important reason appears to be concerning the convenience of not actually moving to buy a product in a physical shop as this option reaches 45.9% of total answers. The last major reason to buy a product online is linked with the large choice available on the

Internet. The other reasons account for less than 40% each with the lowest consideration for the notion of accessibility, accordingly to non-existing opening hours.

### Egypt

As for the Swiss part, the below table represents the most purchased products online in the order of the proportion of total answers.

Category	Proportion of answers
Clothes	66.7%
Electronic devices	50%
Flight tickets	36.1%
Books	25%
Used products	11.1%
Home appliances	8.3%
Leisure activities	2.8%
Furniture	2.8%
Food	0%
Other	19.4%

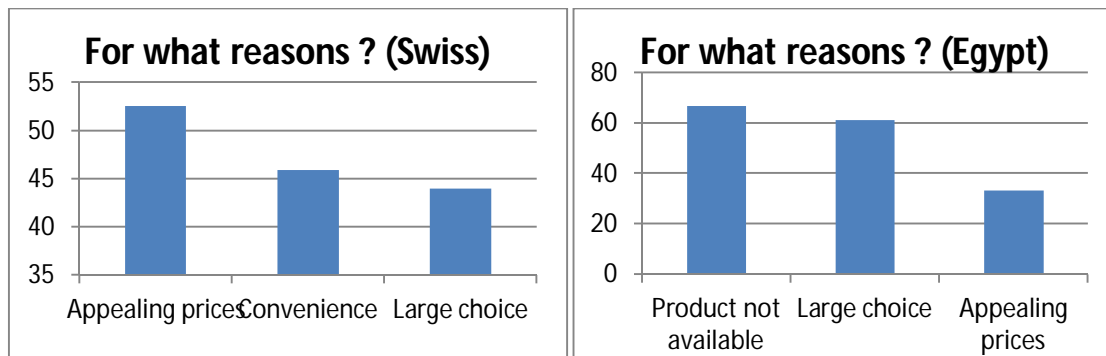
Online survey – Most purchased products EG (2013)

In Egypt, users seem to be much appealed by the fashion industry online as two third of total respondents declared having bought clothes on the Internet. The other main category concerns the high tech industry as half of respondents appear to have bought electronic devices online. The airline industry seems to become an important type of product purchased online by Egyptians as 36.1% of them have chosen this category. The last category significant enough to be considered is about books as they account for 25% of total answers. All other categories have gathered less than 20% of answers and will not be considered as relevant.

Taking a look at the reasons to buy a product online for Egyptian's users, two very much linked factors appear to be the most important ones. The first reason for two third of respondents is that the products they have bought online are not available in their region. The second most important reason is related to the large choice offered by the Internet. It is also interesting to notice that one third of respondents were attracted by the good prices of products online compared to the ones found in physical shops.

### Comparison

For both countries, the leading four categories of most purchased products online are the same but in a different order. Indeed, clothes, flight tickets, electronics and books are the most represented products in both countries.



Online survey – Main reasons (2013)

In both countries, the large choice and the attractive prices offered by the Internet play important roles in influencing customers' willingness to buy a product online. In Egypt the Internet has offered customers the opportunity to reach products that are not available in regional shops. Yet Swiss users focus more on the convenience of not going into a shop which can be time consuming as it requires physical travelling.

#### 2.2.6.7 Why not

In case respondents declared not having purchased a product online at least once, some further information is required mainly about the reason why they have never experienced it.

##### Switzerland

As mentioned earlier, almost 95% of respondents declared having purchased a product online. Accordingly, only few answers were provided to this question. For Swiss users, the main reasons not to have bought a product online are a lack of trust and security. They are also sensitive to the fact that it is impossible to touch or try the product for 50% of them, in order to check the quality and whether it really fits their needs. Some users are also concerned about the payment methods available online as they have limited access to them. This reason accounts for one third of total answers. Due to the limited number of answers to this question in Switzerland, these information should be taking cautiously.

##### Egypt

In Egypt, with 63.3% of respondents affirming that they have never bought any product online, the number of answers provided to this question is consequent. Egyptian's users have clearly a lack of trust toward online shopping as almost 60% of them chose this option as a major reason not to buy products online. The impossibility of trying the product is also a determinant factor for Egyptian's customers. Some less important



factors such as non-existent return policies (32.3%) or no guarantees (22.6%) are also influencing customers' decision. Moreover 21% of respondents simply declared that they were not interested in online shopping.

### Comparison

When considering the main reasons not to buy products online, it appears that in both countries a lack of trust and security represent the major barriers toward online shopping. The intangibility of products making it impossible for users to touch or try a product is also considered as one of the key factors influencing customers. Swiss users are also being impacted by their limited access to payment methods as it is common to only find credit payment on websites. On the other hand Egyptians are not really concerned about this issue since most online website is now offering on delivery payments in cash which remains the most reliable way to pay for a product. Egyptian's users are however being sensitive to the existence of return policies as it would be the only way for them to get their money back in case the product is not meeting their needs.

#### **2.2.6.8 Trust**

The aim of this section is to assess the level of trust toward first the Internet in general and then toward online payment systems. The trust level is based on a scale from 1 to 4, 1 corresponding to no trust at all and 4 corresponding to a complete confidence.

#### Switzerland

In Switzerland, the average trust level is of 2.9 over 4. With over 75% of respondents declaring that they either trusted "pretty much" the Internet, we can say that overall customers trust the Internet. Moreover only 4% of users declared they do not trust the Internet at all.

Concerning online payment methods, the situation is quite similar. The trust level for online payment is lower than the one for the Internet as it reaches 2.76 over 4. Still with about two third of responses on the positive side, we can say that Swiss users are fairly confident in the payment methods offered online.

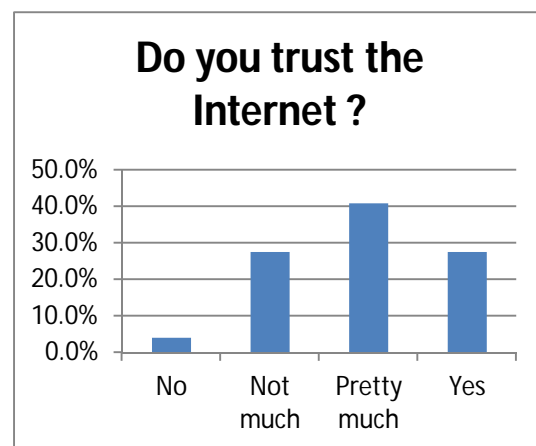
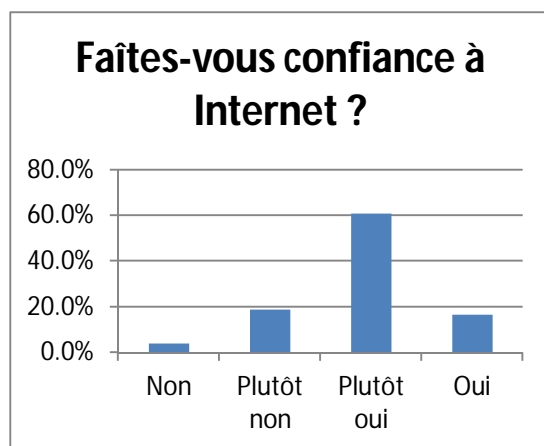
#### Egypt

In Egypt, the trust level for the Internet is reaching 2.92 over 4 with two third of answers being rather positive. The proportion of people having no confidence in the Internet at all only accounts for 4.1% of total answers.

The trust level toward online payment methods is rather poor as it reaches a mean of only 2.34 over 4. The majority of answers are located in between the two extremes as respectively 37.8% declared that they have “not much” confidence in it and 32.7% declared that they “pretty much” trust online payment methods.

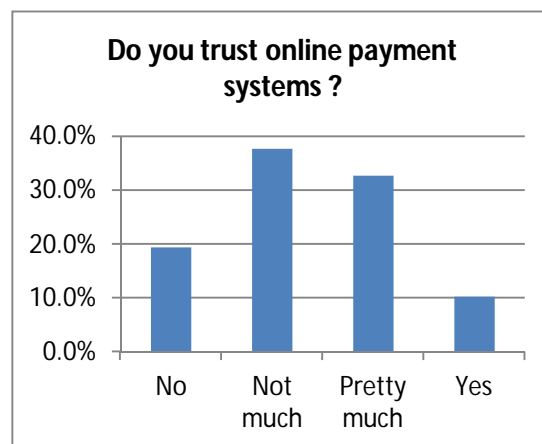
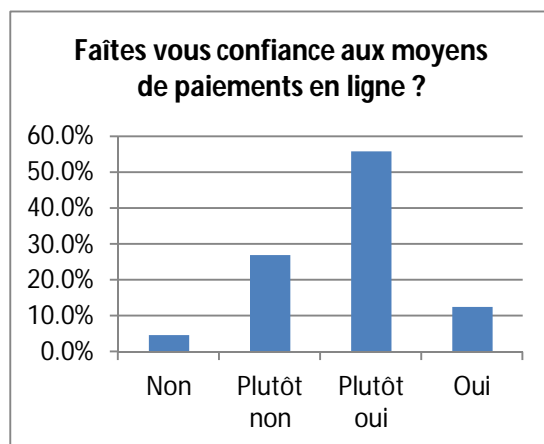
### Comparison

Similar confidence levels can be seen in both countries when considering the level of trust toward the Internet. The distribution seems to be however more spread in Egypt than in Switzerland. Here are the two corresponding graphs.



Online survey – Internet trust level (2013)

The second aspect of trust concerns online payment systems. The distributions of answers for this question are much different from one country to another as represented on the graphs below.



Online survey – Online payment methods trust level (2013)

The graph on the left corresponds to Switzerland and it undeniably follows the same patterns as for the previous questions regarding the Internet in general. The graph on the right relates to Egypt and a shift of the distribution compared to the previous question can be noticed. These two graphs help in measuring the level of trust for online payment systems and it is clear that Swiss users have more confidence in them than their Egyptian's counterpart.

#### **2.2.6.9 Disclosing information**

This last section is about disclosure of customers' information on the Internet. The idea here is to evaluate customers' readiness to deliver personal or financial information online such as addresses, phone numbers or anything related to bank accounts or credit cards.

##### **Switzerland**

In Switzerland, two thirds of customers affirmed that they would agree to deliver personal information as it is often required online and even more usual when considering online shopping. For most of the ones not ready to disclose personal information online, their main reasons are the risk of fraud and the risk of being used for advertisement practices.

The number of Swiss users ready to disclose financial information such as bank accounts or credit cards is relatively smaller. Indeed less than half of respondents declared they would be willing to reveal such information. The concern for security, when financial transactions are involved, is a necessity as most users are not at ease while divulging their documents online. In this case, the major reason refraining customers to do so is clearly linked with the fraudulent use that might arise from Internet security leaks.

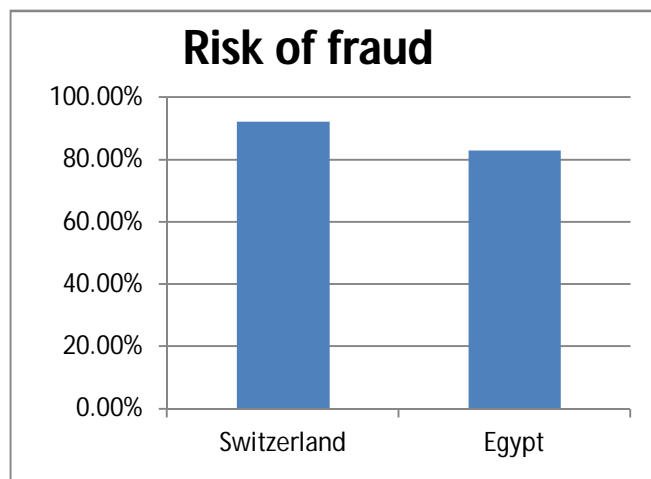
##### **Egypt**

In Egypt, just over 50% of respondents declared they would agree to put their names, addresses and phone numbers online. Delivering information online is still seen as risk however Egyptians are now getting used to register on websites to buy product or to simply enter new social networks. The risk of being used for fraud remains the major barriers for most Egyptian users.

Now considering the disclosure of financial related information, Egyptians are still reluctant. Actually only 30% of respondents declared they would be willing to deliver such information whereas the rest are mainly afraid of frauds.

## Comparison

Users from both countries are more willing to disclose personal rather than financial related information. Swiss users are more ready to divulge their information online as they have been more used to it over the years. Egyptians are now starting to subscribe on different websites with their personal information and this behavior is becoming normal. However when considering financial related information, Egyptians are still afraid as they have rarely been exposed to such situations. As presented on the previous section, Swiss users are more confident in the Internet and in online payment systems than their Egyptian counterpart. This is why the proportion of users willing to disclose either personal or financial information is higher in Switzerland than in Egypt. Yet for users of both countries, the major risk perceived is linked with the possibility of fraudulent use of their information for over 80% as represented on the graph below.



Online survey – Risk of fraud (2013)

### 3. Discussion

This final part will first resume the main findings of the survey, then some recommendations will be made to help individuals and companies and finally the suitability of the initial business idea will be assessed for both countries.

#### 3.1 Findings

We have seen that in Switzerland, an important part of the population own a computer and many of them even have an Internet access at home. We have seen that computers represent the main device used by Swiss users however the share of smartphones used to access the Internet is in constant increase. Most of Swiss households use several devices to connect to the Internet though televisions and tablets are still not considered as reliable devices to buy online. In Egypt, computers have not penetrated much the market due to the high cost of buying one and it is a pretty similar situation regarding the Internet due to the lack of infrastructure needed to access it from home. These users are more appealed by smartphones as they are cheaper and very easy to use. Indeed Egyptians have been used to mobile phones for a longer time and it seems easier for them to connect to the Internet via their daily life device rather than using a computer which can be sometimes complicated for non-experienced users.

Online shopping is mainly perceived as a gain of time for Swiss customers whereas Egyptians consider more the large choice offered by the Internet. This clearly reflects the current situation of online shopping in both countries. In Switzerland, buying products on the Internet is already a well-established online activity while in Egypt the concept began a few years ago and is still evolving. For this reasons, we can conclude that Swiss users already used to online shopping perceive it more as a convenient and practical way of buying products since it does not require any travelling and can be done at any moment thanks to non-existing opening hours. For Egyptian users, online shopping is still perceived as a technological progress in which they have limited confidence but they are strongly considering it as a medium to reach a wider choice than available in local shops.

As already mentioned, Egyptians are still discovering online shopping and this is why they focus a lot on the tangibility of the product. They have always been used to go into shops, to look for the product they want, to touch it, try it and eventually buy it. Online shopping is not offering the same features as it is virtual and customers are therefore

not able to physically see touch or try the product. This is the main concern for Egyptian users as they are not used to buy products virtually. Swiss users are on the other hand much more used to online shopping and their main concern goes toward the delivery of the product. Undeniably, the reception of the product is postponed when buying online whereas it is immediate when buying in traditional shops. This aspect of delayed reception is the main difference perceived by Swiss users. In order to make customers at ease, different measures can be taken according to the populations' needs. For Egyptian users, as they pay much attention to the tangibility of the product, a 24/7 online support would be of great benefit to be able to contact the company in case the final product received does not correspond to the one initially ordered. Swiss users would feel more confident if the company offering products online has a physical office in the region. It is quite surprising to notice that both Swiss and Egyptian users desire to be able to contact the company in case of problems but they would use different methods. Swiss users are much more confident if they know they can have a face-to-face contact with someone from the company whereas Egyptian users would consider an online support good enough to respond to their enquiries.

Logically, a larger part of the Swiss population has experienced online shopping than their Egyptian equivalent. This is mainly due to the trend of online shopping which is much more adopted in Switzerland than in Egypt. Almost all Swiss users have purchased a product online while only one third of Egyptians did. Even though the evolution of the online shopping trend is in different stages for both countries, the most purchased categories of products are very similar. It appears that flight tickets, clothes, books and electronics are the most appealing products for both populations. In Switzerland, users have experienced online shopping for the more competitive prices than can be found in usual shops. Moreover they were also influenced by the fact that they did not need to move to order the product. In Egypt, the main reason influencing users to purchase a product online is linked with the choice. Egyptian users have nowadays the opportunity to reach products from anywhere in the world and have now access to many products that are not available in physical shops. This is undeniably the main reason encouraging Egyptian users to buy a product online.

The level of trust of online users is quite positive but is still very much divided. The lack of trust toward online shopping is still a major barrier for many users. The Internet has offered huge opportunities but has also created other ways for malicious users to access personal data. Online shopping often involves a subscription to a website, therefore requiring personal information such as names and addresses. Moreover the most frequent method to pay for products online is by using credit cards. This

increases even more the concern of customers as not only personal data are stored online but also financial related information. The risk of fraud is consequently the main fear for online customers of both countries. This general lack of trust toward online shopping is representing an important obstacle for many potential online customers.

## **3.2 Recommendations**

The following recommendations are meant to help both online actors of the e-commerce, individual consumers and online selling companies.

### **3.2.1 For individuals**

Individuals should consider the Internet as a new and efficient way to buy a product. The convenience of online shopping is undeniable as it is now possible to order a product from anywhere and at any time thanks to the Internet. As a result of lower operational costs, prices applied online tend to be more competitive than the ones found in physical shops. Moreover the concept of stock shortage is almost non-existent online as you access the inventory of all subsidiaries of a company at once via their website.

When a customer is willing to make an order online, many different steps should be taken into consideration. Users should verify the basics regarding the reliability of a website, they should exploit the Internet to its full potential and they should keep in mind some concepts linked with online shopping in general.

Basic factors of trust

- **Contact information:** customers should be able to find information on the company such as a registered name, an office location and a phone number to make sure that the company exists and that they can contact them if needed.
- **Secure payments:** users should try to get informed on the protocols in place and whether the website is secured to limit the risk of security leaks.
- **Reputation:** trustworthy websites are often in partnerships with several famous brands which can be seen as a reliable factor of trust.
- **Information storage:** users should avoid using websites in which they are required to have their credit cards information permanently stored to limit the risk of fraud.

## Exploiting the Internet

- Websites comparison: online shoppers should benefit from the Internet to find the best possible deal online as it has offered the opportunity to compare products on different websites applying different prices.
- Customers' feedbacks: many users are sharing their experience online and this can be a good opportunity to get real feedbacks of previous customers.
- Online deals: the Internet offers an access not only to online retailers but also to websites specialised in offering online deals at very competitive prices.

## Things to bear in mind

- Products' specifications: for products such as electronics, it is much recommended to check their specifications in details to avoid bad surprises when eventually using it.
- Discrepancies: sometimes colors and textures can be perceived differently online than in real life, this is why customers should try to find the same product in a nearby shop to be able to have a clear and concrete opinion on it.
- Return policy: customers may be disappointed when receiving a product ordered online, this is the main reason to look for the existence of return policies to be able to return the item in such case.
- Guarantee policy: some products may be offered with a guarantee policy and customers should pay attention whether it is guaranteed by the online website or by the manufacturer itself which are two different things.
- Shipping costs: when comparing prices between different websites, customers should pay attention to the various shipping costs that will be applied by those websites as it can greatly impact the final amount of the order
- Custom duties: for some products or countries, customers may be charged for custom duties based on different tax levels which should be kept in mind to assess the final price of a product.

### 3.2.2 For companies

Online companies should try to increase the level of trust of their customers thanks to various factors.

- Transparency: companies should be as transparent as possible to make customers comfortable while purchasing online by informing them precisely on the overall process and how to contact them if necessary.
- Experience: customers should be enjoying their online shopping experience as a simple, rapid and efficient way to find whatever they want thanks to user-friendly interfaces.



- Customer service: an important concern is the customer service and proximity thanks to a 24/7 online support and in particular on social networks to be able to answer more rapidly to customers enquiries.
- Payment: online websites should try to offer customers the opportunity to pay for their product using cash on delivery so that the payment methods would not represent a barrier anymore.
- Return policy: in order to make customers comfortable while shopping online, they should be provided with a return policy that would allow them to have a real opinion on the product once they have received it.
- Delivery: the length of the delivery should be a variable factor according to the needs of customers so that they can either have it according to the usual delivery time or they can have it delivered sooner against extra charge.
- Physical office: some customers appear to be sensitive toward the existence of a physical office so that they are able to have a face-to-face contact if needed.

### **3.3 Proposition to the market**

Taking a few minutes to think back about the business idea mentioned earlier together with previous findings of the online survey, some deductions can be done on the practicality of the concept.

The concept was initially planned for the Geneva's population and it seems that answers correlates with the most important aspects of the business. Customers would feel more confident knowing that the company has a physical office close to where they live and they are not really keen on delivering financial related information. This is why the concept seems to perfectly suit customers' needs, at least in Geneva.

Egypt could also be seen as a potential market for this concept. Indeed Egyptian's customers do not like to put personal information online and many of them do not have access to a credit card. They would rather pay in cash as they are getting used to on-delivery cash payments. Therefore the business idea also appears to be practical to be set up in Cairo for instance. The concept could be however slightly adapted to better fit the Egyptian's market by using the increasing trend of smartphones. Indeed if the online shopping experience could be somehow improved through the use of smartphones, it could be a determinant factor of success as it is becoming an important trend to connect to the Internet.

## Conclusion

In conclusion, this study has helped in understanding fears and expectations of online shoppers from Egypt and Switzerland. The growing trend of e-commerce in developing countries and its already strong presence in developed countries make it a non-negligible industry.

Thanks to the Internet customers are now able to reach products from many regions of the world and have access to shops at any desired time. The technology has helped creating a new industry that is still in constant evolution. Customers have the chance to compare products from various suppliers which inevitably help them finding the best possible deal. The common use of forums has created a new way for customers to share their experience using a product or a service. This is definitely a good way for online shoppers to look for concrete feedbacks from current or former users.

Companies active online have always had a competitive advantage compared to physical shops regarding the cost structure. Undeniably the cost of maintaining a website updated is much lower than the cost linked with a physical shop which implies a rent as well as technical and human resources. This has offered them the opportunity to apply lower prices than their counterparts. Their weakness is that they have always provided customers basic payment methods using credit cards. This means that customers had to disclose financial related information on a website implying a risk of fraud and therefore representing an important barrier in their decision process. Recently online retailers are offering cash payment on delivery which is incontestably perceived by customers as the easiest and most secured way of paying for a product.

However, the Internet is still not able to provide the same features as traditional shopping. Undeniably the intangibility of the product is a determinant factor reducing customers' willingness to buy online. To counter this issue, online selling companies are now starting to offer return policies allowing customers to actually touch the product physically and decide afterward if it corresponds to their initial needs.

In conclusion, online shopping is perceived as a new and efficient way of reaching products in both countries but some barriers are still impacting the behavior of online consumers. Many of those barriers have been reduced with the introduction of particular policies and the evolving technology will keep improving the experience so that one day online shopping might become as simple as a traditional purchase.

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# Appendix 1

## Semi-structured interviews

*Woman, 55, Swiss, divorced, one child, work in administration*

### **How did computers and internet came into your life?**

Computer came into her life because of her work.

Use Internet to make some payments, buy trips, looks for holidays deals online

Her teenager wanted to have Internet at home

### **How do you percieve online shopping?**

Not interested by clothes as she cannot try them

But very interested in other deals that may be found online

It's a gain of time

### **What are you expectations when buying online?**

Have precise information on the product (price)

Security for the payment process / website security (afraid of fraud)

Would rather go to famous websites rather than unknown ones

She trust brand names website

She uses forums to find out whether a website is reliable thanks to feedback from other people (voyageprive.com seems to be fraud as people give negative feedbacks, afraid of payment by visa and not receiving the product or even worse that her data are used for further frauds)

She would trust unknown website if they are in partnerships with big famous entities that she already trust

Clarity and security of the website

Wants a clear website, easy to access and to get easily the information she wants, looks for guarantee of payments/shipments, if the purchasing process seems to be long and complicated she would not make an order, for her Internet rhymes with rapidity and efficiency.

### **What would encourage you to buy online?**

Gain of time as if she knows exactly what she wants, she can look for it online instead of going through various physical shops around the city. Another aspect linked with gain of time concerns flexibility in the sense that she could make an order from anywhere like at work or from an Iphone and moreover at any time of the day thanks to "no opening hours"

The variety of the choice offered online is far larger than if you would go to any physical shops

The offer of products not available in the country

Price opportunity thanks to online deals

The internet offers the opportunity to look for a product and finally find something else that is maybe totally different but more interesting (pushes up the consumption)

She consider that a Swiss citizen has limited opportunity online as many websites online does not offer delivery in Switzerland.

### **What would refrain you from buying online?**

Insecurity in terms of fraud website (pay but never receives anything)

Insecurity in terms of online payment (fraud usage of financial data)

Newsletters (hates newsletters arising from subscribing to their website)

Complexity of the purchasing process

No clothes or shoes as it is not possible to try them beforehand

### **Why would you go to a physical shops rather than an online website?**

for clothes as she could try them

if she knows exactly what she needs and where to find it

safety of the transactions (pay and get the product immediately)

### **What kind of products would you buy online?**

Voyages

Books

Shoes (zalando, maniaco)

online deals

online occasions (anibis, ricardolino)

Coffee caps

### **Which one would you not?**

Furniture

### **Limitations (low/high)**

50CHF / 5000CHF (no real limit as long as she has confidence in it)

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*Man, 27, Swiss, Single, no kids, work in IT*

### **How did computers and internet came into your life?**

At age of 14, in 1998, his mother wanted to write letter other than hand writing or typewriter, he wanted to play video games

Desires to participate in forums, enter communities, discover new field of Internet, instant chat, wanted to be active on Internet (website creation)

**How do you perceive online shopping?**

easier access to information such as price, delivery conditions, ease the comparison

Rather favorable

at first, afraid and not used to this process, started with Swiss website for payment method reasons

**What are you expectations when buying online?**

used to buy in other countries for availability or price opportunity reasons

when buying in Switzerland, likes to have a physical company behind the website

trust names that he is already aware of, or he heard of

use comparative websites to find the best opportunity

Gain of time in terms of process however delivery may take long

Does not like sellers, do not like to talk to them too much

wants to feel free of choosing by himself, no external pressure, has time to think twice about the purchase (purchasing decision)

**What would encourage you to buy online?**

no opening hours (make shopping on sundays)

Availability before physical shops (electronic devices/photo)

accessibility to technical details regarding the product (no need to ask)

price opportunity

no waste of time linked to "going into physical shops"

**Would a physical entity behind a website play any role in the decision process?**

Yes, for remediations, there is someone to talk to, a "proximity service"

**What would refrain you from buying online?**

risk of fraud (false product)

authenticity of products, cannot try it

case of return are easier (policy, after sale service)

Doubt the quality of the product

**What kind of products would you buy online?**

electronic devices (not too big for return concerns)

books

travel (short trips, with limited requirements in terms of organisation)

Accessories

online deals

furniture (if access to a physical entity aside)

Food delivery (pizza, sushi,...)

Online occasions

Online auctions

Software license

Formations a distance

**Which one would you not?**

Clothes

any item concerned with forgery

drugs

dvd

**Limitations (low/high)**

no lower limit / 2000 CHF

Monthly

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*Man, 20, Swiss, single, no kids, studying*

**How did computers and internet came into your life?**

The first computer was offered from a friend of the family who just bought a new one.

They mainly used it to write letters or to play basic games.

Initially they had no Internet connection but it arrived thanks to his older brother who used to play video games online

**How do you perceive online shopping?**

The Internet has offered the opportunity to access lots of products from anywhere in the world

One of the main issues faced was regarding the credit card. Disclosing information related to money was difficult to consider at the time.

Now some website offers to pay with other payment methods which he thinks has a great effect on online shopping.

Sometimes you can find products that you were not looking for... that's the pro or con of online shopping.

**What are your expectations when buying online?**

Lots of information on the product

Website to be well conceived and easy to use.

to have contact details and different policies regarding guarantee, returns or quality.



**What would encourage you to buy online?**

If he feels at ease on their website and if company's information is available with contact details.

The price plays a major role in the decision but the quality matters a lot. This is why guarantees in terms of quality are very welcome!

Also more confident when a website offers to pay for product once we have received it, with a BVR for instance. However those websites are still rare.

Another determinant factor is if the product is not available in the region, then it is most probable that he will be forced to buy it online.

**What would refrain you from buying online?**

In case the above points are not respected.

In case some discussions/forums on the websites provide negative feedbacks/experiences

If the website is taking hours to load or if there are errors on the webpage

**Would a physical entity behind a website play any role in the decision process?**

Yes it could as it would allow us to go there and ask our questions directly.

It would raise confidence in the website as it would not only be virtual but also physically present

**What kind of products would you buy online?**

flights tickets, electronic devices and a few books.

Has never done groceries online but has ordered delivery food even if he did not pay online.

lots of applications for smartphone.

"I recently bought a video game and a game controller. I bought them online as I could not find the controller anywhere in the region. One shop told that the product could be available in 3 weeks' time and at a price of 110CHF. I decided to look for those online and I have managed to find both the game and the controller for less than 90CHF delivered in 5 days. This is a perfect example of why online shopping can be very interesting."

**Which one would you not?**

furniture would be complicated to buy online as measures are needed and transportation costs are likely to be too high for reasons of weight and volume.

A bit scared of buying clothes online as he doesn't trust the products origins or quality.

**Limitations (low/high)**

1CHF to 500CHF

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*Man, 23, Egypt, Single, no kids, working in telecommunication*

**How computers and the internet did come into your life?**

Initially at his uncle's place to play video games

Then at the university for research and projects

Now at home and at work.

Internet for research, mailing and social networks

**How do you perceive online shopping?**

Seems to have infinite opportunities

A quick way to find what he wants however not always trustful

A way of sharing experiences (forums, feedbacks,)

**What are your expectations when buying online?**

Expects to have a large choice of products with clear descriptions

Also expects to find good deals in terms of price

Sometimes find products not available in the country

**What would encourage you to buy online?**

If really needs something and cannot find it

If the website is well done and secured

If someone has tried it and has recommended it to me

If I know and trust the brand

**Would a physical entity behind a website play any role in the decision process?**

No, if he orders online he doesn't want to go to a physical shop

**What would refrain you from buying online?**

If the websites seems "cheap" and full of bugs

If there is no contact information

If the rules are not clear (quality, guarantee, delivery, returns)

**What kind of products would you buy online?**

Clothes

Electronic devices

Books

Shoes

**Which one would you not?**

Flight tickets (too expensive and too afraid)

Food (food is natural and not virtual)

**Limitations (low/high)**

2CHF - 80CHF

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*Man, 41, married, one child, works in medical assistance*

**How did computers and internet came into your life?**

He bought his first PC in 2002 with an Internet connection as he wanted to experience this new exciting technology.

He heard about computers and the Internet through word of mouth from friend which raised his envy to get one.

**How do you perceive online shopping?**

Has never experienced online shopping but is however interested as he has found competitive prices online.

**What are your expectations when buying online?**

To find good prices that are competitive with those found in real life

He expects to have security in the transaction and that customers' rights will be respected.

**What would encourage you to buy online?**

To have these three aspects altogether which will raise trust in the website.

**What would refrain you from buying online?**

The main concern he has is regarding forgery.

He doesn't want to have better prices if the end-product is not the "original" initially ordered.

**Would a physical entity behind a website play any role in the decision process?**

If there is a 24/7 online support, then this will be irrelevant, not needed

**What kind of products would you buy online?**

Air tickets, hotel rooms

Mainly holidays' sector

**Which one would you not?**

Food in general

**Limitations (low/high)**

-> 250 CHF

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Man, 33, married, no kids, works as a civil engineer

**How did computers and internet came into your life?**

It first appeared at school when he got to the University. The field of study required the use of computers for different reasons. He then got his own computer at home but the Internet only appeared few years later.

**How do you perceive online shopping?**

Online shopping seems to be interesting as we are able to access a wider choice of product. He is however still afraid of putting personal information online. He mainly uses the Internet to look for information or to connect with friends and family

**What are your expectations when buying online?**

I basically expect to pay for a product a specific price, to get confirmation that my order is treated and to eventually get the product in good condition

**What would encourage you to buy online?**

If someone told me about a website that is reliable and efficient. If really needs something and he cannot find it in usual shops. Price opportunity.

**What would refrain you from buying online?**

Doesn't like technical problems with website as he believes it reflects a lack of security. If the price difference is not that important or if the delivery of the product would take too long to arrive (more than a week)

**Would a physical entity behind a website play any role in the decision process?**

Maybe to be able to get there for any questions or enquiries.

However I believe that if a company desires to offer products online there is no real need for having a physical office. Maybe a support over the phone or online could be good enough

**What kind of products would you buy online?**

Would buy small electronic devices, clothes for his daughter

Has recently been looking for flight tickets online as it seems to offer competitive price now that the family is getting bigger. However not used to this as he always used to go to an office to order my flight tickets.

**Which one would you not?**

He would not buy expensive products online as he is still not very confident with the Internet. For lots of products he really needs to see, touch and try them to make sure it corresponds to my expectations. Also he would not buy fresh food online as he is used to choose them himself.

**Limitations (low/high)**

-> 200 CHF

## Appendix 2

### Online survey (Switzerland)

Question 1	Answers	Number of answers
Avez-vous un ordinateur à la maison?	Oui	298
	Non	5

Question 2	Answers	Number of answers
Etes-vous connecté à Internet depuis chez vous?	Oui	290
	Non	13

Question 3	Answers	Number of answers					
		0	1	2	3	4	5 ou plus
Combien d'appareils possédez-vous dans votre foyer? (connectés à Internet)	Ordinateur	3	59	97	74	42	23
	Smartphone	13	74	93	64	28	18
	Tablette	118	103	18	10	0	0
	Télévision	50	104	65	37	10	3

Question 4	Answers	Number of answers			
		Non	Plutôt non	Plutôt oui	Oui
Utiliserez-vous un de ces appareils pour faire un achat en ligne?	Ordinateur	13	9	62	214
	Smartphone	116	69	50	52
	Tablette	145	32	56	47
	Télévision	246	21	5	6

Question 5	Answers	Number of answers
En général, comment décrirez-vous les achats en ligne?	Bons prix	72
	Large choix	87
	Gain de temps	121
	Autre	19

Question 6	Answers	Number of answers
Quelle est la principale différence entre un magasin et un site Internet en termes d'achats ?	Produit : Tangible/Intangible	117
	Paielement : Cash/Crédit	87
	Transaction : Face à face/A distance	110
	Réception du produit : Immédiate/Retardée	155
	Commerce : Réel/Virtuel	123
	Autre	16

Question 7	Answers	Number of answers
Comment pensez-vous que ces différences pourraient être réduites?	Partenaires de confiance	93
	Bureau physique dans la région	138
	Autres méthodes de paiement	60
	Politique de retours	99
	Support en ligne (24h/ et 7j/7)	86
	Autre	9

Question 8	Answers	Number of answers
Avez-vous déjà acheté un produit en ligne?	Oui	271
	Non	16

Question 9	Answers	Number of answers
Qu'avez-vous acheté ?	Billets d'avion	224
	Habits	190
	High-tech	109
	Livres	117
	Nourriture	50
	Appareils ménagers	41
	Produits d'occasions	68
	Meubles	14
	Activités de loisir	82
	Autre	30

Question 10	Answers	Number of answers
Pour quelles raisons ?	Prix attrayants	141
	Large choix de produits	118
	Accessibilité (pas d'heures d'ouvertures)	96
	Pratique (pas de déplacement)	123
	Gain de temps	105
	Produit non disponible dans votre région/pays	104
	Autre	7

Question 11	Answers	Number of answers
Pourquoi pas ?	Pas intéressé(e)	1
	Manque de confiance	7
	Manque de sécurité	7
	Accès limités aux moyens de paiement	4
	Impossible d'essayer le produit	6
	Pas d'information sur l'entreprise	1
	Pas de politique de retours	0
	Pas de garantie	1
	Autre	1

Question 12	Answers	Number of answers
Faîtes-vous confiance à Internet ?	Non	11
	Plutôt non	52
	Plutôt oui	169
	Oui	46

Question 13	Answers	Number of answers
Faîtes-vous confiance aux moyens de paiements en ligne ?	Non	13
	Plutôt non	75
	Plutôt oui	155
	Oui	35

Question 14	Answers	Number of answers
Accepteriez-vous de fournir des informations personnelles telles que noms, adresses ou numéro de téléphone?	Oui	171
	Non	103

Question 15	Answers	Number of answers
Si non, pourquoi ?	Crainte d'une utilisation frauduleuse	76
	Crainte d'une utilisation à des fins marketings	63
	Autre	10

Question 16	Answers	Number of answers
Accepteriez-vous de fournir des informations financières telles que numéros de comptes bancaires ou de carte de crédit ?	Oui	126
	Non	148

Question 17	Answers	Number of answers
Si non, pourquoi ?	Crainte d'une utilisation frauduleuse	143
	Crainte d'une utilisation à des fins marketings	38
	Autre	7



## Appendix 3

### Online survey (Egypt)

Question 1	Answers	Number of answers
Do you have a computer or any similar device at home?	Yes	43
	No	73

Question 2	Answers	Number of answers
Do you have Internet access at home?	Yes	21
	No	95

Question 3	Answers	Number of answers					
		0	1	2	3	4	5 ou plus
How many devices do you have in your household? (connected to the Internet)	Computer	23	15	4	0	0	0
	Smartphone	18	10	8	1	1	0
	Tablet	7	27	33	11	5	1
	TV	12	2	0	0	1	0

Question 4	Answers	Number of answers			
		No	Probably not	Probably	Yes
Utiliseriez-vous un de ces appareils pour faire un achat en ligne?	Computer	4	17	43	23
	Smartphone	5	23	47	13
	Tablet	27	27	10	2
	TV	44	17	0	0

Question 5	Answers	Number of answers
In general, how would you describe online shopping ?	Good prices	12
	Large choice	53
	Time saving	30
	Other	6

Question 6	Answers	Number of answers
What is the main difference between a physical shop and an online website ?	Real vs. Virtual shops	26
	Tangible vs. Intangible products	50
	Cash vs. Credit payments	18
	Immediate vs. Delayed reception of the good	34
	Face-to-face vs. Online transactions	41
	Other	7

Question 7	Answers	Number of answers
How would you imagine these gaps could be reduced or even removed?	Reliable partner affiliation	15
	Physical office in the region	30
	Other payment methods	16
	Returned items policy	48
	24/7 online support	60
	Other	14

Question 8	Answers	Number of answers
Have you ever purchased a product online?	Yes	36
	No	62

Question 9	Answers	Number of answers
What did you buy ?	Flight tickets	13
	Clothes	24
	High-tech	18
	Groceries	0
	Leisure activities	1
	Books	9
	Home appliances	3
	Occasions' products	4
	Furnitures	1
	Other	7

Question 10	Answers	Number of answers
For what reasons ?	Appealing prices	12
	Large choice of products	22
	Accessibility 24/7 (no opening hours)	7
	Convenience (no need to move)	7
	Time saving	7
	Product not available in your country/region	24
	Other	0

Question 11	Answers	Number of answers
Why not?	Not interested	13
	Lack of trust	37
	Lack of security	12
	No access to payment methods	11
	No opportunity to try the product	30
	No contact information	6
	No return policy	20
	No guarantee	14
	Other	7

Question 12	Answers	Number of answers
Do you trust the Internet ?	No	4
	Not much	27
	Pretty much	40
	Yes	27

Question 13	Answers	Number of answers
Do you trust online payment systems ?	No	19
	Not much	37
	Pretty much	32
	Yes	10

Question 14	Answers	Number of answers
Would you agree to put personal data online such as name, address or phone number?	Yes	52
	No	46

Question 15	Answers	Number of answers
If no, why ?	Afraid of being used for fraud	24
	Afraid of being used for advertisement	17
	Other	8

Question 16	Answers	Number of answers
Would you agree to put financial related information such as bank account or credit card numbers ?	Yes	29
	No	69

Question 17	Answers	Number of answers
If no, why ?	Afraid of being used for fraud	49
	Afraid of security leaks	24
	Other	3