

The Usage of E-Commerce in North Cyprus; A Case Study of Famagusta

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Submitted to the
Institute of Graduate Studies and Research
in partial fulfillment of the requirements for the degree of

Master
of
Business Administration

Eastern Mediterranean University
September 2018
Gazimağusa, North Cyprus

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ABSTRACT

The thesis examines the usage, opportunities, challenges and effect e-commerce has on businesses in Famagusta. The study includes the identification of factors such as e-commerce opportunities, its challenges, adoption of e-commerce and its effects on business performance. A total of 49 businesses were sampled in the tourism and food sector and questionnaires were distributed to these businesses with the aim of investigating how e-commerce influences the businesses, the opportunities created by e-commerce, the challenges of e-commerce to the businesses and also the customers. The thesis also investigates the impact of e-commerce on the businesses, the efficiency of the use of e-commerce applications such as Bookings.com, Trip advisor and Airbnb for tourism industry, Feedme and Yemeksepeti for the foodservice industry.

The thesis discovered that the efficiency of E-commerce process influences E-commerce applications in business in Famagusta to a great extent. It revealed that service quality via e-commerce enables businesses in Famagusta to convert online visitors to loyal customers and e-commerce made it possible to progressively tailor offerings and products to a mass market in addition to making it possible to provide information on consumer needs. The thesis recommends the e-commerce applications should be adopted by the management of businesses in Famagusta in order to shorten transaction time and improve customer service.

Keywords: E-commerce, Famagusta, Opportunities, Challenges and Business sector

ÖZ

Tez, e-ticaretin Gazimağusa'daki iş alanları üzerindeki kullanımını, fırsatlarını, zorluklarını ve etkisini incelemektedir. Çalışma, e-ticaret fırsatları, zorluklar, e-ticaretin kabulü ve iş performansı üzerindeki etkisi gibi faktörleri belirlemeyi içeriyordu. E-ticaretin işletmeleri nasıl etkilediğini, e-ticaretin yarattığı fırsatları ve e-ticaretin hem müşterilere hem de işletmelere yönelttiği zorlukları ölçmek için turizm sektörü ve gıda sektörü de dahil olmak üzere 49 işletmeye anketler dağıtıldı. E-ticaretin işletmeler üzerindeki etkileri, bookings.com için airbnb gibi e-ticaret uygulamalarının etkinliği, seyahat danışmanı ve turizm endüstrisi, gıda endüstrisi için yem ve bakkaliye.

Tez, E-ticaret sürecinin etkinliğinin Mağusa'nın iş dünyasındaki e-ticaret uygulamalarını büyük ölçüde etkilediğini tespit etti. E-ticaret yoluyla hizmet kalitesi, Gazimağusa'daki işletmelerin çevrimiçi ziyaretçileri sadık müşterilere dönüştürebileceğini ve tüketicileri kendi ihtiyaçları hakkında bilgilendirmek için e-ticaret yapabilmelerinin yanı sıra, teklifleri ve ürünleri bir kitle pazarına sunmayı mümkün kıldığını göstermiştir. Tez, Mağusa'daki yönetim ve e-ticaret uygulamalarının, işlem süresini kısaltmak ve müşteri hizmetlerini iyileştirmek için benimsenmesini tavsiye etmektedir.

Anahtar Kelimeler: E-ticaret, Mağusa, Fırsatlar, Zorluklar ve İş sektörü

DEDICATION

This thesis dedicated to my loving, supportive and inspiring parents Mr. and Mrs. Daniel Audu who gave me the emotional, spiritual and financial support I needed for this thesis, my amazing siblings, my adorable nieces and nephew Emanuella, Amanda, my nephew Theophilus and Most importantly to God Almighty who gave me the strength, good health, and skill to complete this thesis.

ACKNOWLEDGEMENT

I would like to acknowledge Assoc Prof. Dr. DENİZ İŞÇİOĞLU for her supervision, time, patience and motivation. Her support made this possible and I am deeply appreciative of her effort towards seeing me succeed. I will also like to use this opportunity to thank my friends, who supported me from the beginning of the thesis to the very end.

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Chapter 1

INTRODUCTION

1.1 E-commerce

The term e-commerce refers to a process whereby business activities and transactions are carried out on the internet, and according to Jobodwana (2009), it is a broad term used to describe all types of commercial operations based on the electronic processing of data involving firms and individuals. E-commerce is centered on the presupposition of business activities and transactions being communicated electronically by the involved parties instead of the orthodox way of communication, for the establishment of a highly effective world of business (Rosner, 2002). In their definition of e-commerce, Holsapple and Singh, (2000) had five different classifications. These classifications are value chain, information exchange, trading, activity, and effects classifications. Under the value chain classification, they defined e-commerce around the concept of value-chain and described it as the value-creating use of technology. That is, in an effort to enhance competitiveness, businesses employ the internet to perform or support value activities. In the information exchange view, e-commerce was defined as a platform where money is exchanged for services and product by means of information of exchange. In terms of trading, e-commerce is seen as a computer-based means of carrying out business transactions. While the idea of using technology in business activities beyond trading to include decision support, pre-sales, maintaining of business relationships, post-sales and a number of ancillary activities is the description given to e-commerce in the activity

classification. Finally, the effect classification focuses on the 'why' dimension of e-commerce rather than the 'what' and 'how' like the aforementioned classifications. The 'why' dimensions focus on the effects, reasons, and goals attributed to e-commerce. The effect of the process is seen in all the parts of the business world; from logistics to customer service to the development of new products. It fosters new business processes for communicating and networking with partners, suppliers, and customers. It has the capacity to cut down on overhead costs incurred in the process of order management and business interactions. E-commerce can sustain and raise market shares, improve service quality, expedite collaboration, lessen response and time and lower product cycle times.

E-commerce is a move away from the customary 'brick mortar' way of carrying out business. Pather, Remenyi and De La Harpe (2006) identified six ways in which these two means of doing business differ. They highlighted the type of marketing principle applicable as a very critical dissimilarity between the two. While brick and mortar is a distribution marketing business, e-commerce uses direct marketing. Secondly, they stressed that brick and mortar model of retailing is basically a collection model while the e-commerce model of retailing is a delivery model where the customers receive, they don't go to the business to 'collect' their goods. Another difference according to what Pather, Remenyi and De La Harpe (2006) stated is the packaging is important in e-commerce since the business and not the customer has the responsibility of goods delivery. They also mentioned that the need for speed in the world of e-commerce far exceeds that of the brick and mortar, as e-commerce customers are highly intolerant to product unavailability. The kind of relationship that exists between the suppliers and the business is another difference between e-commerce and brick and mortar model of business because in e-commerce it is very

important for suppliers to know the necessity of supplying product data accurately. Finally, they mentioned that unlike brick and mortar business, e-commerce is particularly concerned about customer databases; correct information relating to email addresses, delivery addresses, and right products are of utmost importance. Generally, based on these different definitions of e-commerce, it can be agreed upon that e-commerce are business operations carried out using technology (mainly the internet) with the objective of enhancing business performance.

1.2 The Internet and E-commerce

Today, information technology has become the driver of economic growth globally (Darley, 2003) and based on the definitions and different classifications of e-commerce, the internet is at the center of it. According to Cerf (2009), at its inception internet did not have a standardized locating, storing, Information retrieving and formatting system to make it a successful commercial service. This problem was solved when the Hypertext Transfer Protocol (HTTP) was written by Tim Berners-Lee. The HTTP is a computer language that makes document communication possible over the internet. The Worldwide web- the first browser was also created by Tim Berners-Lee in addition to the Hypertext Markup Language (HTML) language for webpage creation and the earliest server software that makes it possible for others to access and store web pages.

According to the World Bank (2018), 45.785% of the world population uses the internet as of 2016 compared to 0.252% as of 1993. The countries that are considered to have the most internet users in the world as at mid-2017 include China with 738 million users (penetration rate of 53.2%), India with 462 million users (penetration rate of 34.4%) and the USA with 362 million users (penetration rate of 87.9%)

(Miniwatts Marketing Group, 2017). In the continent of Europe, there are over 433 million internet users which is 81% of the continent's population (World Bank, 2018). These figures reveal the scale of internet usage growth from its inception in the very late 1980 into the early 1990s. While the pace of internet usage growth is virtually going to decline, it has become apparent that consumers are eagerly embracing this innovative technology (Morton, 2006). Complimentary innovations have been developed to make the internet more commercially useful. Such relevant innovations are business models permitting online access (the ISP) and the provision of information, service or goods that meet the needs of consumers (websites) and means of online payment that are convenient and safe (Morton, 2006). Over the years the internet has advanced in innovation and become more suitable for business. This is highlighted in Gilbert (2004) study on the different milestones reached by e-commerce. Some of which are:

- Possibly the first e-commerce transaction worth only \$12.48, was the purchase of a copy of Sting's "Ten Summoner's Tales" for from NetMarket- August 11, 1994
- A test version of "PizzaNet" was launched by Pizza Hut, only accessible initially to the people of Santa Cruz, California- August 22, 1994
- Navigator, the first commercial browser from Netscape Communications was launched- December 15, 1994
- Operating from a house with only two bedrooms, Amazon.com starts selling books online- July 16, 1995
- eBay performs its opening auction and Microsoft improves its new Internet Explorer browser with Secure Sockets Layer protocol- Labor Day, 1995

- Cable modems turn out to be quite prevalent with U.S. customers exceeding 500,000 owning a high-speed cable and just about 60,000 owning a DSL- 1998
- America Online generated \$ 1.2 billion online for its retail partners- Holiday season, 1998
- \$ 5.3 billion was spent online and the U.S. Department of Commerce begins segmenting e-commerce statistics- Fourth quarter, 1999
- The biggest distribution of a single item shipped on a single day in the history of e-commerce was the shipping of “Harry Potter and the Order of the Phoenix” by Amazon- June 21, 2003
- In a bid to bring digital music to e-commerce, iTunes was launched by Apple Computers which was the earliest note in a combined work- April 28, 2003
- According to the IRS, nearly 57 million taxpayers filed their 2004 tax returns using a computer - June 2004
- \$144 billion was spent by Online buyers- 2004

This notably tells that the means of commerce is speedily being shifted and advanced by e-commerce as well as showing that e-commerce’s financial impact is substantial and cannot be disregarded. One more indication of the magnitude and advancement made with respect to e-commerce was that per Internet user worldwide (as of 2003), there was more than \$5,000 worth of e-commerce sales— an increase from approximately \$1,600 as of 1999 (Wei, 2005). A recent validation of this progress is given by Doherty and Ellis-Chadwick (2010) who emphasized that shopping online is now appraised to be the area experiencing the fastest growth in internet usage, with growth rates in the last ten years surpassing those realized via customary channels.

According to Wolcott and Cagiltay (2001), the procedures to install an Internet Protocol (IP) network in Turkey and the Turkish Republic of North Cyprus began in 1989. In the year 1995, internet users ranged from 10,000 to 15,000 in Turkey and TRNC combined and 1,300 possessed individual connections. According to Aydin (2001), almost all sectors in Turkey and TRNC utilize the internet by 1996 for their operations and the major dominant sectors include education, banking, and health. There are a number service providers that render both dial-up connections and wireless internet connections in North Cyprus (Bayraktar & Gün, 2006). The major providers that render dial-up connection include Comtech, LedraNet, and Superonline and they are all situated in the capital city Nicosia. These providers possess a connection via a dish despite having a connection with the domestic telephone company. The reason behind the companies having an extra connection is to avoid inconveniences in a situation where there is a failure in connection. With regards to wireless connection, there are certain major providers which are Extend Broadband, NetHouse, and Rflex. These companies render a variety of services to TRNC customers and they always upgrade their speed and others services due to competition. The service providers charge users a fee depending on the package and service the customer needs. The internet services provided to North Cyprus come from Turk Telekom which is also known as TTNET and it is the only upstream Northern Cyprus internet providers which makes them the backbone of the internet services being provided in North Cyprus (Birligi,2018)

Internet service providers in North Cyprus do not have a choice on where to get their internet from, therefore we can say that there is a monopoly on internet upstream which only comes from Turkey. Individuals and business often complain about the quality of the internet service they receive from the internet service providers which

is often too slow and too expensive, too much complains to the internet service providers but they, in turn can not really do anything about it because their upstream source is from a single source (Turkey), fixing the internet quality can only be solved from the upstream source which is TTNET in turkey. The internet quality goes a long way for businesses in determining the usage of e-commerce for them, they pay a high cost for internet in order to incorporate e-commerce to make their business more efficient but they are not getting the worth of their money making them spend more than they should have on e-commerce.

1.3 The Appeal of E-commerce

E-commerce's huge appeal to the customer, the supplier and the business has contributed to its wide acceptance. For the customers, e-commerce is an avenue to access the latest market trends prior to making a decision at all (Mounsear-Wilson, 2011). Also for the customers, e-commerce is very appealing as it places more power in the hands of the customers compared to the brick and mortar business model (Doherty & Ellis-Chadwick, 2010). Some other ways consumers benefit from the internet in e-commerce as identified by Morton (2006)are:

- Comparison of price on price comparison sites in e-commerce makes it possible for buyers to readily and conveniently get different price estimates from a number of different e-tailers, which consequently results in the buyer purchasing at the best possible prices.
- In e-commerce, different information websites offer information consumers can use to choose a right activity or perform a particular task competently. These websites help consumers save time on everyday tasks like getting driving directions, checking the weather or purchasing tickets.

- Similarly, matching sites like eBay expedite trade by highly increasing matching accuracy compared to brick and mortar model or the local garage sale.

It is well known that the internet raises price competition enabling buyers to pay less, it improves everyday life as well by multiplying the availability, quality, and diversity of information and products. For the supplier, e-commerce is appealing because it provides the opportunity to increase returns by gaining access to markets that they formerly could not reach easily (Mounsear-Wilson, 2011). Doherty and Ellis-Chadwick's (2010) study shows that by adding an internet channel, the general strategic and financial performance of a retailer could be favorably impacted, by making it possible to directly market goods to consumers globally, directly purchase from suppliers and share information better with partners, e-commerce has assisted in cutting costs as well as considerably raise the control businesses have over their supply chain processes(Molla & Heeks, 2007). Despite the fact that the reasons aforementioned are attractive, it appears that the impetus to go into the e-commerce market for certain businesses has time and again been the outcome of pressures from suppliers and not really the advantages that can be gotten from joining the e-commerce world (Mounsear-Wilson, 2011).

1.4 E-commerce and North Cyprus

North Cyprus officially referred to as the Turkish Republic of Northern Cyprus (TRNC) is a self-governed territory on the Island of Cyprus. The country is not recognized by the international community which affects a lot of business sectors and as a result, there are restrictions preventing the E-commerce process to be fully carried out. The estimated population of TRNC is 314,000 and the official language is Turkish. The GDP of TRNC is \$4.039 billion and GDP per capita is \$15,109

(TCTB, 2018). E-commerce statistics have shown that the average population age in Northern Cyprus is 32.9 years, and the most popular search engine is Google which is the case in most countries (Two Schmucks, 2018). According to Sila and Dobni (2012), E-commerce has picked up enormously in Northern Cyprus as more businesses were leaning towards taking online orders and similar business practices. About 30% of enterprises in the country employ the services of ICT specialists and the percentage of businesses that use social media platforms has increased from 53.7% in 2014 to 72.6% presently (Britannica, 2018). The online activities engaged in by individuals residing in Northern Cyprus is majorly online banking and online shopping (Britannica, 2018). E-commerce is emerging as one of the fastest growing sectors in Northern Cyprus and this is basically correlated to the fact that the youth rapidly adopting technological advancements and these advancements are backed by the implementation of certain ICT factors by businesses. There are lots of sectors that use the E-commerce process in North Cyprus and they include:

a) Tourism Sector: Tourism is a dominant industry in TRNC' and it has experienced steady growth in recent years. This is evident in the report that showed that Northern Cyprus had 1.23 million tourists in 2013 (TRNC State Planning Organization, 2013). Revenue TRNC gained from tourism was at \$616 million in 2013, a substantial increase from \$390 million in 2009 (TRNC State Planning Organization, 2013). A part of this revenue goes into dining and tourists are frequently choosing to place food orders online as well and one of the main forms of tourism in TRNC is edu-tourism (Abubakar, Shneikat, & Oday 2014).

b) Education Sector: Majority of these edu-tourists are young people who embrace technology faster and are actively shopping online. Katircioğlu et. al (2010) investigated the relationship between higher education, international tourism, and

economic growth and it was discovered that income growth in TRNC is stimulated by the tertiary education sector and tourism despite the country being non recognized politically coupled with embargoes since 1974. Eastern Mediterranean University is arguably the largest university in TRNC, and it is situated in Famagusta. Famagusta also boasts of a number of tourist attractions such as the Famagusta walled city (castle), Salamis ruins and Saint Barnabas Monastery, to mention a few and the city has a population of 42,526 (World Population Review, 2018).

c) Food Sector: There are few studies that focus on the foodservice industry on its own because the industry has been long counted under the umbrella of hospitality (Wearne & Morrison, 1996) and in other texts under the more broad term of tourism (Kotler & Bowen, 1996). However, these two terms tend to lean towards the hotel industry more than restaurants (Johns & Pine, 2002). In their study, Johns and Pine (2002) stated that the food sector is worthy of dedicated studies because of its significant financial revenue and contributions to hotels and tourism as a whole, in spite of its own unique features. They further stressed that contract catering, takeaways and particularly restaurants (this includes those that are part of lodging facilities and those in chains) are more unstable, impulsive and fashion-prone when compared to tourist attractions and lodging facilities. Since it is fashion-prone, it is a pioneer in embracing the use of e-commerce applications with PizzaHut's PizzaNet in 1994 (Gilbert, 2004). Therefore, the food service industry is a significant area for the study of the online consumer experience. Placing orders for food online is growing popular amongst restaurants and consumers alike because it has substantial benefits for all the parties involved. Kimes (2011) explains this further when she remarked that because of its precision, speed, and ease, consumers are choosing online ordering whereas restaurants, on the other hand, see the possible decrease in

errors, the rise in turnover, superior customer relationship management, improved transactional marketing, enhanced productivity and better capacity management. However, the advent of apps and sites that allows reservations for or ordering from multiple restaurants have forced a lot of rethinking in the industry (Kimes & Kies, 2012). These sites are expediting orders and give a lot of restaurants more exposure. Kimes and Kies (2012) mentioned that improved customer data, better table management tools, increased reservation consistency, an electronic reservations book, and additional distribution channel are the other advantages of the multi restaurant's sites.

d) Banking Sector: Jenkins (2007) examined the elements that impact the use of E-commerce by commercial banks, which is popularly referred to as E-banking in North Cyprus. Jenkins (2007) investigated the progress made by the banks in terms of internet banking by interviewing 23 bank managers in North Cyprus in the year 2004 and later 2006. Also, the operational website of the banks were reviewed in 2004 and 2006 respectively. It was discovered that the banks have made lots of progress towards enabling a variety of E-banking services for their customers despite the minimal number of customers. As of 2004 majority of the banks concluded it is not the right time to fully adopt e-banking because the number of customers is little but in 2006 the same banks utilize e-banking to gain customer loyalty. It is evident that in order for domestic banks to compete with foreign banks, they need to fully adopt E-commerce.

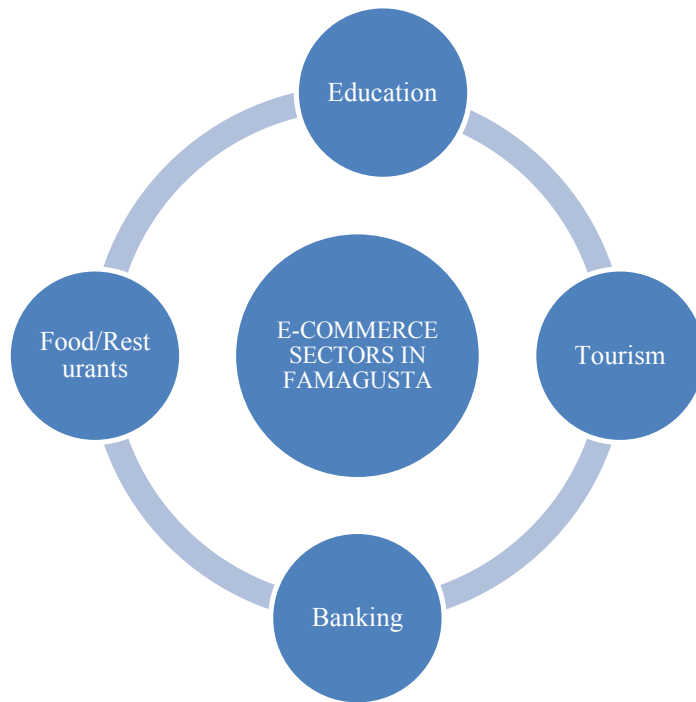


Figure 1.1: E-commerce Sectors in Famagusta

1.5 Statement of the Problem

Business operators are being faced with a lot of effects brought about by the adoption of e-commerce. Some of these effects are negative while some are positive. A number of the positive effects have been mentioned in this study. Negative effects include increased competition among industry rivals as well as negative implications like exposure cybercrimes and other to threats, in addition to the cost of installation (Nyambura, 2016). Although, a lot of businesses embraced e-commerce in Famagusta, some businesses are yet to do so. Thus the main challenge lies in knowing why these businesses have not yet adopted e-commerce and secondly, what are the advantages, opportunities, and challenges currently faced by businesses in Famagusta that have fully embraced e-commerce. This is the context within which this study seeks to examine the usage of e-commerce on businesses in Famagusta.

1.6 Aim of Study

This thesis aims to examine the impact, opportunities, challenges, and usage of e-Commerce in the businesses in Famagusta, North Cyprus.

1.7 Research Questions

1. Do businesses see e-commerce as an alternative trading platform in Famagusta?
2. How are businesses affected by e-commerce in terms of efficiency in Famagusta?
3. What are the opportunities and challenges associated with the use of e-Commerce for businesses in Famagusta?
4. How does e-commerce give businesses a competitive advantage in Famagusta?

1.8 Scope and limitation of the Study

This study will investigate the effect e-commerce has on the businesses in Famagusta, the opportunities it provides as well as the challenges it proposes. Due to the fact that the research is limited to the city of Famagusta and not the whole of North Cyprus, certain generalizations may not apply and this is a limitation. The language was also a limitation during this study as most operators in the business are not native English speakers and English is the language used in the thesis. The use of E-commerce in sectors other than tourism, food, and banking is low and not fully adopted. Lots of businesses are not familiar with E-commerce and they prefer the conventional way of conducting their respective businesses.

1.9 Structure of Study

The study is made up of five chapters that cover a number of topics. Chapter one is the introduction and it generally explains what the study entails. Chapter two is composed of the theoretical part, it entails detailed explanations of the components of E-Commerce, online consumer experiences, challenges, and advantages. Chapter three covers the methodology of the research such as areas of the design of the thesis,

questionnaire design, a collection of data, sample size and data analysis. Furthermore, Chapter four comprises the results and findings of the research while the last chapter which is Chapter five summarizes the whole study and also entails recommendations.

Chapter 2

LITERATURE REVIEW

An evaluation and review of the existing literature with regards to the usage of e-commerce will be presented. It will specifically concentrate on how scholars have studied the nexus between these two. The usage and impact of e-commerce, in particular, will be elaborately discussed as well as its processes, efficiency, applications, and challenges.

2.1 Online Consumer Experiences

The field of customer experience (CE) has been properly studied within the face-to-face framework, however, minimal consideration is attributed to the idea in the online context (Rose, Clark, Samouel, & Hair, 2012). This means that the concept of CE has been widely studied in a variety of commercial situations, such as retailing, tourism, service delivery and consumer marketing (Arnold, Reynolds, Ponder, & Lueg, 2005; Bonnin, 2006; Jones, 1999; Quan & Wang, 2004; Tsai, 2005) but faintly in the online setting (Novak, Hoffman, & Yung, 2000).

Meyer and Schwager (2007) clearly put a difference between the offering of a physical product and the worth of a unique experience. They also defined CE as the subjective and internal reaction of consumers to all indirect or direct interaction with a business. The distinction has also been made in CE literature between CE and other concepts of customer management like consumer satisfaction (CS) and engagement. According to Meyer and Schwager (2007), CS is an estimation of the sum of a

sequence of consumer experiences. Kim (2004) came up with the concept of online customer satisfaction, and it is distinct from the customer's experience. Kim (2004) described it as the customer's mindset appraisal of amassed experience both during the purchase of a product and during usage of the product. Scholarly works like Kim's created a difference as well as an experimental examination of the causal correlation that exists between online customer satisfaction and the precursors of online customer's experiences. Nonetheless, a valuable theoretical OCE model has to recognize the essentials or conditions an experience is made up of. Researchers like Frow and Payne (2007) recommend that both emotional, affective processing as well as coherent, cognitive processing contributes to the formation of experience. As far as the cognitive element is concerned, Frow and Payne (2007) pinpointed the part played by the internal processing of inbound stimulus to the person. They suggest that the customer reviews inbound information with past, present and possibly imminent experiences at the back of their mind. The review of incoming stimuli is not only cognitive but emotional as well, and the most suitable approach to studying OCE is the interaction between the two (Hansen, 2005).

Online consumers meet with inbound sensory data arising from a variety of stimuli such as audio or video delivery, visual imagery, and text-based information on e-commerce site. These are processed and interpreted to create an impression of the e-commerce site. Using a cognitive assessment of online interface, Novak et al (2000) studied online consumer experiences (OCE) and suggested a few cognitively-based and person-centered antecedents of OCE (Novak, Hoffman, & Duhachek, 2003; Novak et al., 2000). In their conceptualization of OCE, Rose, Clark, Samouel, and Hair(2012) extended the study of Novak et al (2000) to include the affective state.

Further studies in OCE proposed that previous experiences of the consumer impacts his/her future behaviors online (Ling, Chai, & Piew, 2010). For this reason, OCE is regarded as a cumulative impression formed after recurring contact with the e-commerce site. In another study, Verhoef et al. (2009) state that since an online interaction between an e-commerce site and a consumer does not happen at the e-retailer's place, the e-retailer might not be able to control all the phases of the formation of OCE. This implies that the online shopping situation, be it at the office or at home, involves a number of external variables influencing OCE which the e-retailer is not aware of. In one of his most recent studies, the father of flow theory, Csikszentmihalyi, (2000) affirmed that OCE can be analyzed and measured on the basis of 'flow'.

2.2 E-commerce Processes and its Implications

The direct impact of e-commerce on marketing is seen even in the very first set of e-commerce literature (Nyambura, 2016). Before a business adopts e-commerce, it must initially recognize prospective consumers willing to work with the technology that comes along with e-commerce because not every possible consumer will be attracted by e-commerce (Berry, 2011). Its implication for strategy is that businesses now have to identify certain segments in the market that their website (which is the primary e-commerce platform for most businesses) will attract and serve better. Thus it is apparent that the evolution of e-commerce significantly increases competition between businesses, forcing them to constantly adjust to different situations in the market (Mellahi & Johnson, 2010). Nonetheless, regular businesses such as restaurants now make the most of the opportunities presented by carrying out commercial activities over the internet (La & Kandampully, 2012).

2.2.1 E-commerce Opportunities

At the most basic level, businesses with operations on the internet make the most of certain opportunities like that of a customer loyalty, closer relationship with consumers and lower overheads compared to the traditional ‘brick and mortar’ businesses (Liu & Arnett, 2010). For the foodservice business in particular, some of the opportunities provided to the business by e-commerce includes the occasion to offer delivery and self-service options to consumers (Nyambura, 2016).

Windham and Orton (2010) identified elements that are measurable by which e-commerce’s customer retention opportunity made possible can be evaluated. These elements are Price premium, referral, growth, and base revenue. The base revenue is the revenue that keeps coming in through every transaction, not considering a discount, customer loyalty, etc. The more of this base revenue is received by the business the longer it keeps a paying consumer.

Growth is another measurable opportunity e-commerce presents to businesses (Windham & Orton, 2010). Growth happens when the first transaction between a business and a client creates value resulting in the client continuing to buy more products from the business. Thus the income gotten from that particular client grows as the business’ share of the client’s buying dollar grows (Nyambura, 2016). Referral, an income from a satisfied customer of the business who refers the business to other prospective customers is also one of the opportunities e-commerce presents (Windham & Orton, 2010). Giving positive word-of-mouth and referral is to a certain extent more frequent, easier and far-reaching on the internet. For as long as the good relationship between a consumer and a business lasts, the consumer is very likely to keep referring potential customers to the business and spread positive word-

of-mouth about the business among friends and family. The cost businesses will incur from acquiring new customers is eliminated by referrals and positive word-of-mouth (Reichheld & Schefer, 2010).

The fourth measurable opportunity e-commerce offers is described by Windham and Orton, (2010) as price premium. They claimed that the loyalty of a customer gained by e-commerce offers the business the opportunity to charge the customer premium because the customer is now convinced of the offering's value. A satisfied customer will not bring upon his/herself the risk and trouble of trying a different product. The more satisfied the customer is, the more premium the customer is willing to pay. In addition, once a loyal customer is acquired, it boosts the profits of the business by being less expensive to work with, paying higher prices and making more purchases (Nyambura, 2016).

2.2.2 E-commerce Challenges

The earliest e-commerce challenge faced by businesses is the transition challenge (Jackson & Hams, 2012). This has to do with moving from a 'brick and mortar' business to a 'click and mortar' one. The latter has a virtual form which might entail mixing traditional ways of doing business with the electronic way (Jackson & Hams, 2012) or even sometimes, replacing it entirely. While new businesses can readily overcome this problem, established businesses battle with the reluctance of letting the "legacy infrastructure" they own go. This was why it was initially hypothesized that in the B2C (business to customer) internet marketplace, new businesses might turn out to be those with the leading business model (Nyambura, 2016). This implies that businesses are to be ready to constantly restructure and re-order themselves. The opportunities that e-commerce is likely to bring cannot be maximized if businesses

will not adjust its organizational methods and structure to match the sweeping ways of doing business the novel technology of e-commerce presents (Stroud, 2012).

For the online consumer, the exceptional growth and adoption of e-commerce pose a number of challenges. Foremost is the concern of the quality of service delivered during e-commerce transactions (Nyambura, 2016). Ryan and Valverde (2013) stated that the key challenges consumers are faced with during e-commerce transactions range from payment difficulty, protracted upload sessions to confusing information. Zemke and Connellan (2011) reported that online holiday buyers are often faced with challenges such as receiving broken goods, receiving incomplete orders, having to pay extra for prompt delivery and late delivery. When frequent online consumers were quizzed on what barriers may possibly discourage them from making future online purchases, the necessity to try, feel, touch, and see products was the most frequent answer. This is a challenge the businesses continue to combat on the e-commerce frontier (Windham & Orton, 2010).

Privacy issues and internet security are still considered as severe challenges online consumers face, although over the years they have become increasingly comfortable with giving up personal credit card details and allied information online (Nyambura, 2016). Windham and Orton (2010) suggested that in facing this challenge, businesses have to obviously and repeatedly reiterate their privacy and security policies to their customers as well as convincingly abide by those policies.

2.3 E-commerce Applications and its Efficiency

Technologies used in e-commerce are gradually making e-commerce and delivery a success by employing networks of high bandwidth running on Infrared, NFC, Bluetooth, Wi-Fi, WAN, LAN and using feather-weight handheld data management gadgets that are ergonomically-designed. These technologies have the potential of increasing a business' profitability by increasing the satisfaction of the consumer as well as enhance the quality of service and product offered (Nyambura, 2016). The use of electronic processing and ordering particularly can increase a business' efficiency considerably by reducing lead-times and stock holding costs, reducing headcount, eliminating processing errors, and by enabling continuous stock tracking (SADTI, 2012).

2.3.1 E-commerce and Service Quality

The e-commerce has drastically cut the cost of reaching and satisfying customers as well as offer great services (Nyambura, 2016). For example, the cost of marketing a service or a product may well be only some cents paid for a search-engine keyword. Furthermore, for a token charge which is actually a commission for every sale, e-commerce websites such as Amazon and eBay will list a business' products or services. PayPal for example offers a service that looks after a customer's credit card payments, which saves the customer the stress of creating a business account for every online purchase. What's more, companies like FedEx are able to deliver goods anywhere the around the world, as well as offering internet tracking services for checking the delivery of goods (The Economist, 2014).

Buderi (2015) reports that Peapod.com makes deliveries directly to the address a customer chooses a broad variety toiletry, household products, and groceries.

Peapod.com also keeps a detailed record of the all the earlier purchases of the customer which includes the quantity bought, pack size and brand. Thus the customer only needs to make a slight modification on their orders every time purchase is being made, which saves effort and time. Tesco's exceptionally profitable arrangement of offering the service of internet orders inside its stores makes extra manpower available in the store network whereby the store's personnel can fill out orders at downtimes and not be distracted by it during extremely busy periods of the day. It doesn't matter if the customer bought online or in the store, the details of every customer's purchases are linked to a loyalty card, so the business can know their customers regardless of the means by which the customer make purchases. As a result, Tesco now possesses vast data as regards its customers that can be employed gainfully in diverse ways.

Furthermore, e-commerce does provide businesses the opportunity to operate a 24-hour business that reaches the whole world. The online business is open at all times and the customer service personnel, the help desk and the virtual store assistant are ready to help, in most cases (Walsh & Godfrey, 2010). Another superlative service made possible via e-commerce is the personalization process (Nyambura, 2016). This, in fact, extends to personalized products as well, which is described as the ultimate in personalized service (Walsh & Godfrey, 2010). Over the internet, an online business can keep a dialogue constantly with their clientele, which is the personalization process' fundamental part.

A customer's judgment about a business' performance is established on the usefulness of its website and more precisely its effect on the quality of service offered during purchase and after the purchase (Nyambura, 2016). The inter-

connections among service, relationship, and loyalty have been extensively proven in service and marketing management research (Berry, 2011). To appeal to and retain a huge customer base, it is required of online business to remain consistently customer-centric, as customers keep demanding for better internet service quality because the chances to move to other businesses abound (Reichheld & Scheffer, 2010).

E-commerce that is service intermediaries has effectively gained the patronage and interest of clients due to their ability to provide considerable benefits to the customers online, such as value for money, convenience, and product choice. To sustain this relationship, the online business must continue to find means to enhance the customer's loyalty and commitment. Consumers, who are aware of offerings that are directed at them, or when they co-create the offering, are very likely to repurchase (Walsh & Godfrey, 2010). The rapid advancement of e-commerce adoption offers a huge number of would-be loyal customers to online businesses (Nyambura, 2016).

2.3.2 E-Commerce as an Alternative Trading Platform

It is essential for businesses to adopt efficient approaches that go in line with their business module and activities as technology advances rapidly (Foster & Cadogan, 2010). The technological innovations comprise of the use of the internet via mobile phones (commonly referred to as m-commerce) and computers. These advancements also include the use of voice –over-IP and applications that do not necessarily need telecommunication elements. All these technological innovations are acquired by business with the aim of increasing efficiency, upgrading the quality of service and gaining customers (SADTI, 2012).

A strong foundation for customer loyalty can be built with the use of technology considering the fact that cost will be reduced drastically and rapidness at which information is shared will be increased (Foster & Cadogan, 2010).

2.3.3 E-Commerce Adoption and its Influence on Business Performance

There are certain factors that have led to the adoption of e-commerce by businesses worldwide and one of these factors is the determination of businesses to expand their market share (Gilmore, Gallagher & Henry, 2014). Due to the adoption of e-commerce, a small business that does not possess a huge capital has the opportunity of obtaining loyal customers as well as channeling the best suppliers and business partners (Sajuyigbe, 2012). Also business can reduce cost by having a variety of vendors which they can choose to procure from and this will hasten transaction periods as well as get rid of third parties (Molla & Licker, 2015). Small businesses are offered a chance to expand and compete globally and with larger companies (Jeffcoate, Chappell & Feindt, 2012). With regards to export marketing strategy, there are certain important e-commerce elements as identified by Gilmore et al. (2014) and they consist of transferability of the product line, demand for e-commerce and the e-commerce infrastructure. Papazoglou and Ribbers (2006) proclaimed that lots of establishments are reluctant to embrace new technologies into their business activities and hence, they view the design and formation of an e-commerce platform as an inconvenient task. Potential factors that can be seen as the forces that led to the acquisition of e-commerce processes include the readiness of consumers, the size and scope of firms, the pressure to compete in the market and technological competence. Furthermore, Gbolagade, Ayo-Oyebiyi, and Adebayo (2013) stated that security level, finances, knowledge and skill, infrastructure and technological culture are all also factors contributing to the adoption of e-commerce by firms. The most important

benefit of the adoption of e-commerce is that it is the most cost-effective process to carry out business transactions for both buyers and sellers (Buderi, 2015). Alrawi (2012) asserted through e-commerce, time can be saved because customers have the opportunity to access information instantly and also a virtual trial of the product. Alrawi (2012) further explained that customers have more variety to choose from including various options of delivery with the use of e-commerce and transactions can be made any time of the day at the convenience of the customer. The use of e-commerce bridges the gap when it comes to communication between businesses and customers as it enables the business to precisely understand the needs of customers and in turn aim towards catering to those needs (Allen & Fjermestad, 2011). Businesses also have the opportunity to widen their product line by adopting e-commerce and this expand the market share of businesses (Chaffey et al., 2010). Moreover, e-commerce creates an avenue where by-products can be distributed locally and internationally at a low cost, and inventory cost is also reduced encouraging pull-type supply chain management (Allen & Fjermestad, 2011).

2.4 Famagusta

Famagusta is a city situated on the eastern coast of Cyprus with a population of approximately 45,000. Famagusta is considered to be a commercial hub in Cyprus as it encompasses economic activities such as education, industrial manufacturing, and tourism. These economic activities contribute immensely to the economic growth of the country. TRNC approximately has a number of 24 higher education institutions and out of these 24 institutions, 4 are located in Famagusta. The biggest university in the country is Eastern Mediterranean University which was established in the year 1979 and it is located in Famagusta. The city also has a wide economic arena with businesses ranging from textile, restaurants, hotels to real estate. Hassannia et. al

(2016) investigated the HRM practices in the restaurant sector of Famagusta and it is stated that the restaurants in the city do not only use e-commerce for their day to day operation but also for recruiting and managing employees. Furthermore, Besim (2010) stated that majority of the hotel complexes in Famagusta offer the option of making bookings online and also third-party websites are given the opportunity to offer rooms online at discounted rates in order to attract tourist. This fact makes E-commerce a paramount factor in terms of tourism in Famagusta.

Chapter 3

METHODOLOGY

3.1 Overview

This thesis has the objective of identifying the usage, impact, opportunities, and challenges of e-commerce for businesses in Famagusta. This chapter expounds on how the research was conducted by providing the details on the methodology used in carrying out the study. This comprises of information on the research design, population, technique used in sampling, study location, methods, and instruments used in the collection of data.

3.2 Research Design

A quantitative research method is employed in this study. Smith (2004) describes the quantitative method of research as the addition and evaluating of actions and the staging of the realistic analysis of a progression of numerical information. It is also associated with explaining and envisaging the association between variables and theory testing (Churchill & Iacobucci, 2002). The current study has proposed some research questions in prior relevant studies; therefore, the research questions will be tested using data collected with a quantitative survey of the population, as questionnaires are recognized as the most widely used tools in collecting quantitative data for academic and business marketing purposes (Bryman & Bell, 2003).

The sample employed is the purposive/judgmental sampling. This is the sampling method of choice because ideal respondents must have used e-commerce in their business. In the purposive or judgmental sampling, the researcher chooses the

samples exclusively based on his/her knowledge and judgment as it best fit the characteristics and attributes been researched as well as how well they represent the population been studied (Reddy & Ramasamy, 2016). Copies of the questionnaire were circulated among the businesses who use e-commerce in Famagusta.

This study was carried out predominantly in the city of Famagusta, North Cyprus. This city boasts of thousands of students and a teeming number of tourists annually. These groups of people account for most of the economic activities in the city. (Katircioğlu et. al 2010) Students, tourists, and residents regularly patronize businesses around the city. Famagusta has an extensive variety of restaurants, hotels, banks and many other ventures. The study focuses on the food and tourism sector as they are concise and the businesses offer a variety of services depending on the sector and examples of such services include the packet services in the food sector and online booking for hotels. In *packet services*, orders are placed by customers either by calling the restaurant or via the internet from the convenience of their dormitories or rooms, and the restaurant delivers their orders to them. To make food orders via the internet, the customer most times have the option of either making the order on the restaurant's website (for those that have) or on a third party multi-restaurant website. Some of the multi-restaurant website operating in Famagusta are YemekSepeti, FeedMe and Hunger Order. In the case of hotels, customers use websites such as TripAdvisor, Booking.com, and Airbnb.

3.3 Questionnaire Design

Churchill (1999) affirmed that the design of questionnaire is one of the vital parts of a quantitative research which requires the researcher's caution so as to avoid preventable hitches in the subsequent phases in the study. Churchill and Iacobucci (2002) have suggested a step-by-step procedure of questionnaire designing which has been adopted in this study. They are:

1. Identify the information to be sought after
2. Decide on the kind of questionnaire to be used and the techniques for administration
3. Decide on each items' content
4. Decide on the kind of response
5. Conclude on each question's wording
6. Decide on the questions' arrangement and sequence
7. Choose the questionnaire's physical characteristics and layout
8. Re-inspect steps 1-7 and make amendments where necessary
9. Questionnaire pilot and pre-test

A pilot test of the current study's questionnaire was carried out on a sample of 5 business from our target population. No errors were discovered in the pilot test, hence the questionnaire was fully adopted for the study. As aforementioned, the questionnaires were distributed to respondents for the most part in the city Famagusta. It took about three weeks to collect these data. For all the construct in the questionnaire, a 5-point Likert scale measurement, going from one to five (1-5) labeled as Strongly Disagree (1) to Strongly Agree (5) respectively. Sixty (60) questionnaires were distributed in total to the business but only Forty-nine (49) were

returned and used. The instruments from which the questionnaire was developed were adapted from the work of Nyambura (2016), the work examined the influence of e-commerce on the Kenyan retail industry, particularly supermarkets.

3.4 Data Analysis

The thesis encompasses the use of quantitative data analysis which basically signifies numerical representations as well as the manipulation of objectives in order to demonstrate the concept reflected by the observations (Kombo & Tromp, 2008). In order to fortify the consistency of the data gathered, the data was coded and cleaned. The process of coding the data was in accordance with the study's variable and this narrows down the error margin as well as assist in avoiding inaccuracy in the analysis. The results of the analyses are presented with the use of figures and tables and these analyses were carried out with the help of descriptive statistics like standard deviation, mean, percentages and frequencies on Statistical Package for Social Sciences (SPSS).

3.5 Ethical issues in Data Collection

Contemporary studies are quite big on ethical issues. For this reason, this research made sure that all ethical issues are taken into consideration. The ethical actions taken as suggested by Bell (2003) are:

- 1) Respondent's participation was not coercive but absolutely voluntarily
- 2) The objective of the study was observably made clear to all the participants
- 3) The collected data were made confidential and anonymous
- 4) The data gathered was used only for the purpose it was collected

3.6 Demography and Sample

The respondents of the current study are operations managers from each of the businesses chosen to participate in the research. Thus, a sample of one senior

employee from each restaurant and hotel, and a total of 49 respondents participated in the research. From the findings of the analysis, the respondents were made up of 79.6% males and 20.4% for females. This is an indication that these organizations employed mostly males into the position of operation managers.

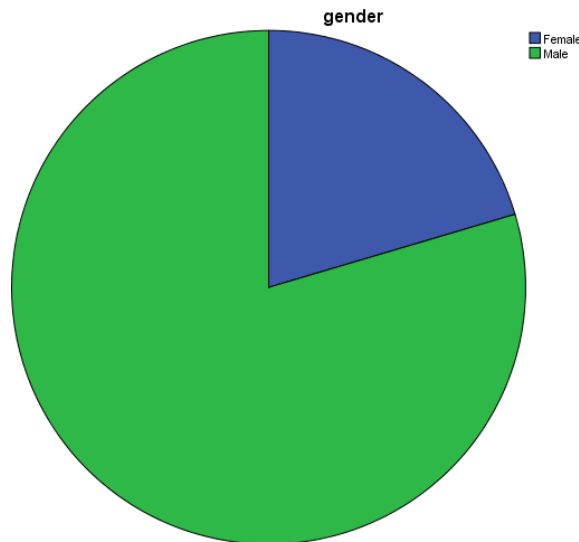


Figure 3.1: Gender of the Employees

From the findings of the analysis, most of the respondents' highest level of education is a bachelor's degree, 26.5% of the participants showed that their highest level of education is a Diploma holder while 14.3% has a higher diploma. 12.2% were certificate holders and 6.1% had master's degree whereas only 2% has a Ph.D. degree. This shows that the personnel of these organizations that are respondents in this study were literate enough to understand the questions and provide reliable information needed for this study.

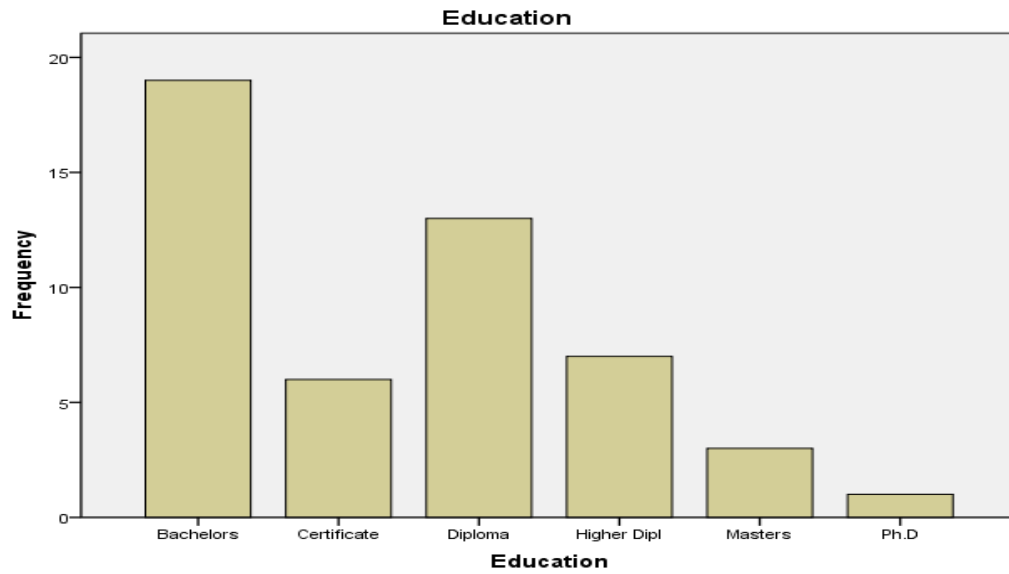


Figure 3.2 Education Level of Employees

From the findings, the majority of the respondents which is 75.5% had only been employed in the business for less than five years, 4.1% of the participants indicated working in the business for between 16-20 yrs. 4.1% of the participants indicated working in the business for between 11-15 yrs., while 16.33 % of the participants indicated working in the business for between 6-10 yrs. This showed that most of the respondents have spent less than 10 years working in the organization.

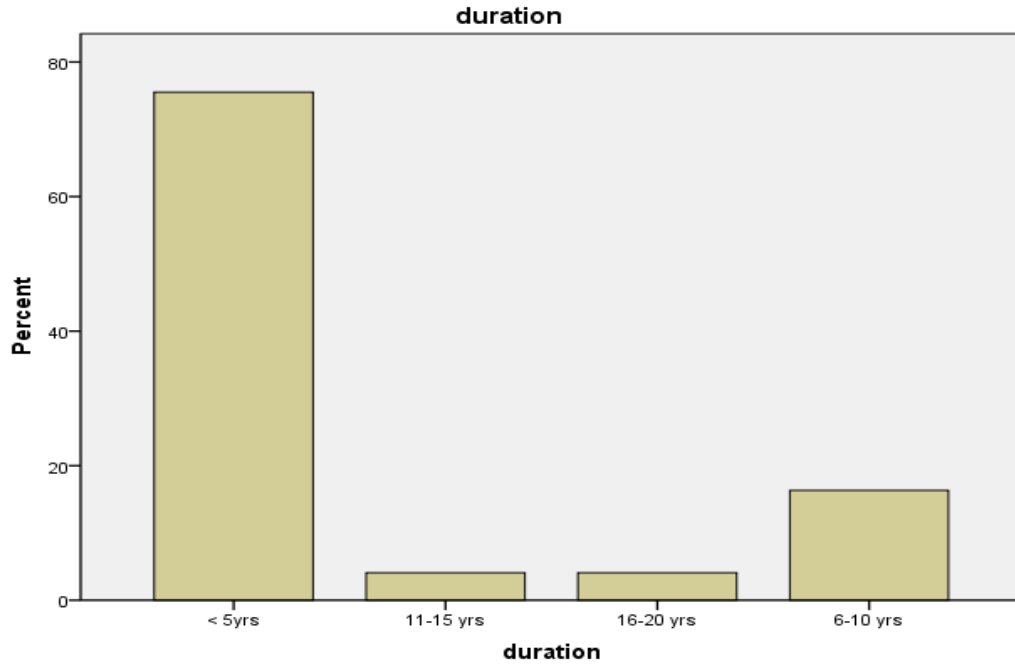


Figure 3.3: Duration of Work

The e-commerce application/website mostly used by the organizations participating in this study is Yemeksepeti at 49.0%, followed by FeedMe at 36.7%. Other apps/website used are Bookings.com (10.2% of respondents), Airbnb (2% of respondents) and TripAdvisor (2% of respondents).

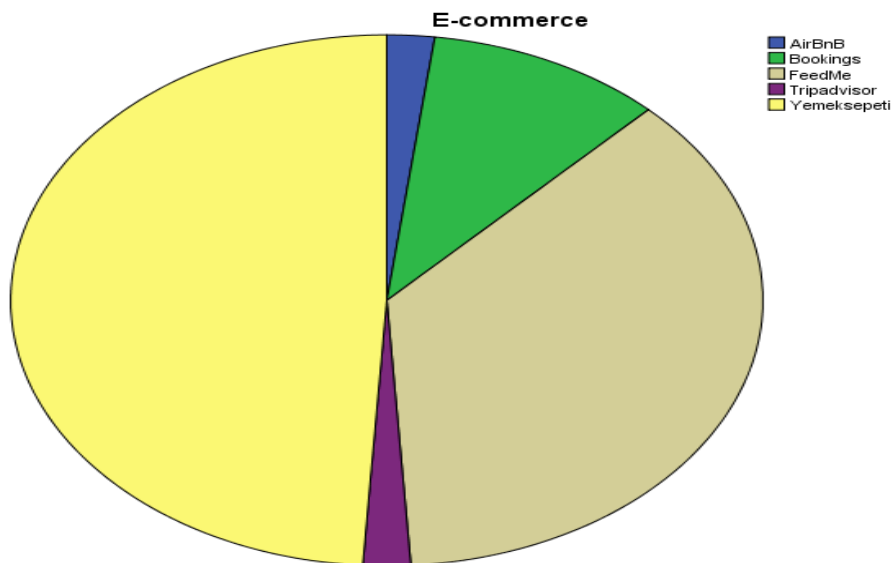


Figure 3.4: E-commerce Applications Used

3.7 Validity and Reliability

Cronbach's alpha (α) is an assessment of the internal consistency of the measurement instrument tool used. The instrument's tools might be measuring different basic construct if the Cronbach's alpha score is less than 0.70. Three of this study instruments measure below 0.70. For this reason, they were dropped in further analyses. The instruments used are (e-commerce opportunities, e-commerce challenges to the business, e-commerce challenges to e-customers). One of the instruments, (E-commerce adoption and effect on business performance) was 0.692. It is very close to 0.70, therefore, it will be considered to have passed the reliability test.

Table 3.1: Reliability Table

	<i>Standard Deviation</i>	<i>Cronbach alpha(α)</i>
<i>E-commerce Opportunities</i>	2.708	0.723
<i>E-commerce Challenges to the business</i>	1.581	0.877
<i>E-commerce Challenges to E-customers</i>	2.368	0.769
<i>E-commerce Adoption and Effect on Business Performance</i>	2.482	0.692
<i>E-commerce and service quality</i>	1.882	0.244
<i>E-commerce Adoption and Competition</i>	2.654	0.571
<i>E-commerce and Business Strategy</i>	1.351	0.170

Chapter 4

FINDINGS

4.1 Businesses in Famagusta's view of E-Commerce as an Alternative Trading Platform

In seeking to answer the first research question of this study, which essentially is to establish the extent to which businesses in Famagusta consider e-commerce as an alternative platform for trading. According to the result of data analysis, almost half of the participants (44.9%) showed that businesses in Famagusta consider e-commerce as an alternative platform of trading to a great extent, 26.5% of the percipients showed that businesses in Famagusta consider e-commerce as an alternative platform of trading to a very great extent, whereas 22.4% of the participants were neutral about the extent to which businesses in Famagusta consider e-commerce as an alternative platform of trading. Finally, only 6.1% of the respondents answered that businesses in Famagusta consider e-commerce as an alternative platform of trading to a less extent. In general, the outcome of the analysis reveals the respondents are fairly dispersed in their response to how businesses in Famagusta consider e-commerce as an alternative platform for trading. Although it means that 67.3% of businesses in Famagusta consider e-commerce as an alternative platform for doing business either to 'great extent' or to a 'very great extent'.

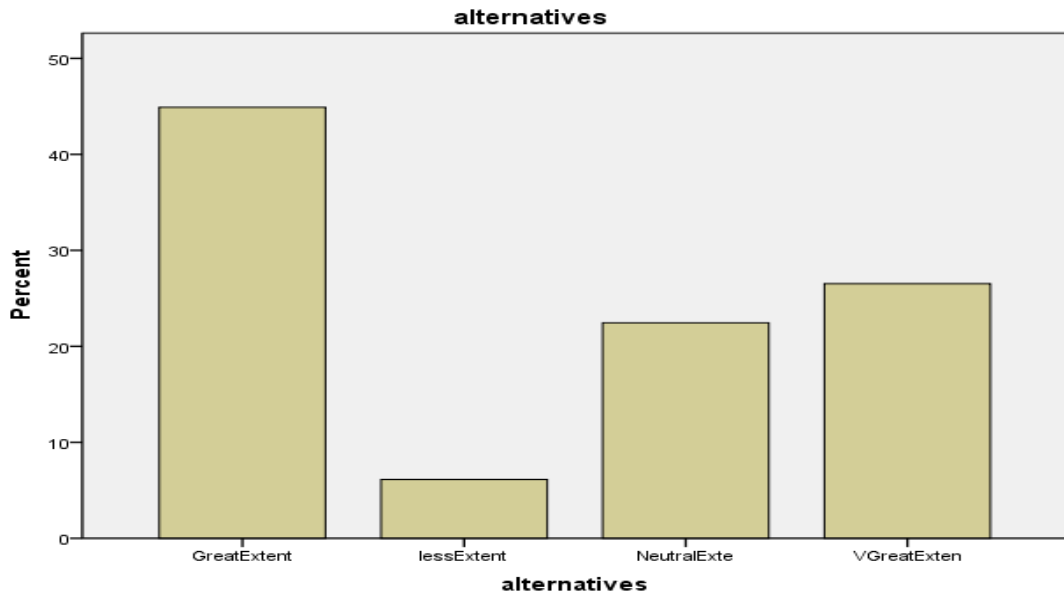


Figure 4.1: E-commerce as an alternative Trading Platform

4.2 Effect of Efficiency of E-Commerce on the Use of E-Commerce Applications

In answering the second research question of this study which essentially seeks to establish how far the application of e-commerce impacts e-commerce's efficiency in businesses in Famagusta. According to the result of data analysis, most of the participants (42.9%) showed that e-commerce efficiency influences e-commerce application in businesses in Famagusta to a great extent, 24.5% of the percipients showed that e-commerce efficiency influence e-commerce applications in businesses in Famagusta to a very great extent, whereas 28.6% of the participants were neutral about the extent to which e-commerce efficiency influence e-commerce application in businesses in Famagusta. Finally, only 4.1% of the respondents answered that e-commerce efficiency influence e-commerce application in businesses in Famagusta to a less extent. In general, the outcome of the analysis reveals that less than half the respondents answered that the efficiency of e-commerce influence e-commerce

applications in businesses in Famagusta to a great extent. This implies that only 42.9% of businesses in Famagusta are affected to a ‘great extent’ with regards to efficiency by the adoption of e-commerce while 24.5% of the businesses in Famagusta are affected to a ‘very great extent’ in terms of efficiency by the adoption of e-commerce. It is worthy of note that in Famagusta as well 28.6% of the businesses are neutral as regards the impact of e-commerce adoption in terms of their efficiency.

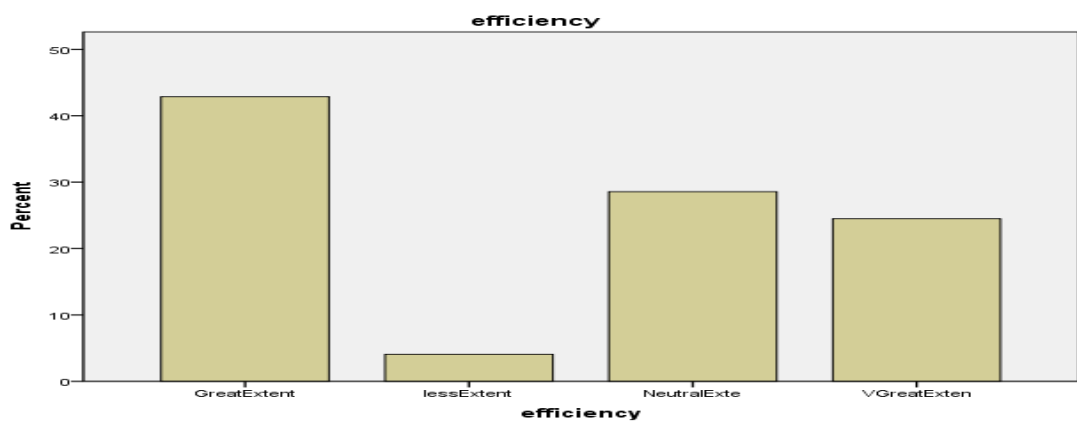


Figure 4.2: Efficiency of E-commerce and E-commerce Applications

4.3 Opportunities and Challenges of e-commerce application

In seeking to answer the third research question, which essentially is to establish the e-business opportunities and challenges posed to businesses in Famagusta by the application of e-commerce. First, in answering the opportunities this study discovered that the participants agree that their organization’s online business offer their customers several delivery and self-service options as revealed by an average response of 4.27, on the overheads cost compared to their brick and mortar counterparts the respondents were fairly neutral as revealed by an average response of 3.16, according to the respondents the e-commerce application reduces transaction time thereby improving customer service as revealed by an average response of 4.02

and finally e-commerce provides the business closer connection with customers as shown by an average response of 3.59.

Table 4.1: E-commerce Opportunities

E-commerce Opportunities	Mean*	Standard Deviation
E-Commerce offers our business closer relationship with the customers	3.59	.998
Our business enjoys lower costs than our competitors.	3.16	.898
Our business provides customers with various self-service and delivery options.	4.27	.811
Our online business shortens transaction time which improves customer service	4.02	.946

*Strongly disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5)

This means that for the businesses in Famagusta and according to the findings of this study, the opportunities posed by e-commerce are the provision of various self-service and delivery options to customers online, in addition to shortening of transaction time which enhances customer service.

The other part of the research question three is to answer the challenges posed by the adoption of e-commerce to the business in Famagusta. This will be answered in two parts. First, the challenges experienced by the business will be identified followed by the challenges experienced by the customers. For the businesses, the respondents are fairly neutral as to whether their businesses have fully moved online or not, this is seen in an average of 2.67. They almost strongly agree that the main focus of their organizations for embracing e-commerce is the customer as seen in an average response of 4.80. They, however, more or less agree that their systems experience payment difficult times and extended upload sessions at an average of 3.71. Finally,

at an average of 3.53, the respondents are somewhat neutral as to the availability of stocks when their customers place orders online.

Table 4.2: E-commerce Challenges to the Business

E-commerce Challenges to the business	Mean*	Standard Deviation
Our business has not fully moved to online business	2.67	1.107
In our business when customers order online, the stock is always available.	3.53	1.101
The main focus in our organization for embracing e-commerce is for customer satisfaction	4.80	.407
Our systems suffer long upload sessions and payment difficult times.	3.71	1.242

*Strongly disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5)

This means that for the businesses in Famagusta, transitioning fully to online business from the traditional mode of business may possibly be a challenge as well as the likelihood of unavailability of stock to supply to customers when they place their orders online and protracted upload sessions and also payment difficulties.

As for the challenges faced by the customers, respondents agree that when their customers place orders online, they are determined and clear according to the findings of the analysis of an average response of 4.63. They also agree that their organizations deliver promptly to customers as seen in an average response of 4.18. They further agree that their organizations deliver to their customers, products of good quality; this is seen in the average response of 3.71. Finally, at an average of 3.47, the respondents are somewhat neutral as to whether their customers are reluctant to give their personal data online.

Table 4.3: E-commerce Challenges to E-customers

E-commerce Challenges customers	Mean*	Standard Deviation
Our customers are clear and determined while purchasing their choice products.	4.63	.636
Our business always delivers on time.	4.18	.808
Our business delivers quality products to customers	4.57	.736
Customers are reluctant to provide their personal information on the internet	3.47	1.138

*Strongly disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5)

This implies that for businesses in Famagusta, the key challenge encountered by the customers as a result of e-commerce application is the issue of security and privacy which is seen by their reluctance to give their personal information online.

4.4 How Does E-commerce give a Business a Competitive Advantage

In answering research question four, the respondents fairly agree that the adoption of e-commerce by their organizations has led to spreading out into the national market as seen in an average of 3.94. On the other hand, they are neutral concerning getting the best suppliers e-commerce as seen in the average response of 3.14. With the average responses of 4.57 and 4.41, the respondents agree that with e-commerce their clients immediately access info and that e-commerce helps their businesses locate more customers respectively. Finally, the respondents also almost agree with the average response of 3.94 that e-commerce makes it possible for their businesses to increase their product line.

Table 4.4: E-commerce Adoption and its Influence on Performance

E-commerce Adoption and its influence on business performance	Mean*	Standard Deviation
E-Commerce adoption in our organization has led to the expansion of our marketplace to national markets	3.94	.899
E-Commerce in our organization has helped locate more customers.	4.41	.934
E-Commerce in our organization enables us to have the best suppliers.	3.14	.913
E-Commerce helps our buyers to instantly gain access to information and see what the product looks like	4.57	.612
E-Commerce has enabled our organization to expand our product line	3.94	.966

*Strongly disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5)

This means that for businesses in Famagusta, the competitive edge offered to them by the adoption of e-commerce is first and foremost the accessibility of information to their buyers followed by the unique ability to find more buyers online. Expansion of product line and exposure to the national market are also some of the competitive advantages businesses in Famagusta have as a result of adopting e-commerce. Although a possible competitive advantage of having access to the best suppliers is not currently being enjoyed by the businesses in Famagusta according to the findings of this study.

Chapter 5

DISCUSSION AND CONCLUSION

The discussion of the analysis findings is presented in this chapter in addition to the conclusion arrived at from the findings discussed after which, the recommendation will be made for future studies. The recommendations are given and the conclusion drawn was focused on addressing the study's objectives. The thesis intends to examine the usage and impact of e-commerce businesses in Famagusta; to investigate the effect of efficiency, opportunities, and challenges of e-commerce and to discuss the view of e-commerce being an alternative trading platform by businesses in Famagusta.

5.1 Discussions

The study found that the efficiency of E-Commerce process influences E-Commerce applications in businesses in Famagusta to a great extent. Customers will no longer be treated as segments but as distinctive individuals which helps to realize the objective of the businesses in converting online visitors to customers that are loyal. This is modeled by Tesco and Peapod.com, an e-retailer (Walsh & Godfrey, 2010). The retailer provides a few clubs (which are segmentations actually) such as Toddler, Baby, and World of Wine that customers can join, and which even makes it possible to precisely deliver promotional offers (Buderi, 2015). Walsh and Godfrey (2010) argue that e-commerce also offers businesses the opportunity to operate 24/7 and around the world. The online store is constantly open for business and in most,

customer service personnel, help desk assistant or a virtual assistant are standing by to help the customer.

The thesis revealed as for e-commerce and service quality that via e-commerce, businesses in Famagusta convert online visitors to customers, e-businesses makes it possible to deliver promotional offers, their e-commerce has made it possible to progressively tailor offerings and products to a mass-market in addition to e-commerce making it possible for providing information on what the consumer's needs are.

However, on internet usage for online businesses activities in Famagusta, it was proven that E-commerce does offer buyers with several options of delivery and self-service options. These results are same with findings of SADTI (2012) that reports that the usage of e-processing particularly and e-ordering could significantly lessen costs through making it possible to continuous stock tracking, eliminating processing errors, reducing headcount and reducing lead-times and stock holding costs.

On e-commerce competition and adoption by businesses in Famagusta, the business has to be very efficient, therefore an approach that is in line with the business activities has to be chosen (Foster & Cadogan, 2010). Furthermore, a foundation for customer loyalty can be built with the use of technology considering the fact that cost will be reduced drastically and rapidness at which information is shared will be increased (Foster & Cadogan, 2010). The thesis noted that competition between the businesses has an influence on business embracing new technologies in E-Commerce. Also, the level at which e-commerce is adopted has an influence on the magnitude of competition. In their businesses, they experience explicit and implicit

pressures from leading businesses to maintain existing channel structures and competition authorities need to monitor possible anti-competitive behavior as the e-marketplace evolves. The study findings were observed to be consistent with those of Foster and Cadogan, (2010) who states that as E-Commerce technologies move fast, it is important for businesses to make decisions that are both fast and right as well as choose a sustainable approach that fits into their business activities. No single technology covers all possible E-Commerce applications.

From the findings on the influence of E-Commerce adoption on business performance, the study found that respondents disagreed that E-Commerce has enabled businesses to expand their product lines, access product information instantly and even virtually test the product. Moreover, E-Commerce adoption in supermarkets has led to the expansion of marketplaces to national markets, E-Commerce in supermarkets enables us to have the best suppliers and locate more customers. On whether E-Commerce has enabled businesses to expand their product lines, respondents agreed that their supermarket offers value propositions that are appealing to customer unique needs as their businesses demonstrate interest, listening, and understanding of customers. Thong (2013) discovered that competition does not significantly affect the adoption of e-commerce by small enterprises, while Premkumar and Roberts (2013) findings implied that the pressure of competition is an element that influences adoption.

Respondents agree that businesses leverage customer information for the effective management of customer relationships on the internet. These study result contradicted the findings of SADTI (2012) which states that with the variations in technology and telecommunications infrastructure in developing countries, such

research includes the use of the Internet and websites powered by computers, but also the use of mobile phones (sometimes referred to as m-commerce), voice-over-IP, and even computer applications with no telecommunications component. All these forms of telecommunication infrastructure can and are being used in innovative ways by businesses to improve service offering, attract and retain the customer.

5.2 Implications

The study recommends that the management of businesses in Famagusta should adopt e-commerce as it will support in shortening transaction time which improves customer service. There is also a need for the businesses in Famagusta to embrace E-commerce, as it will boost the number of customers in business enabling them to deliver quality goods to the customers, which will enhance customer loyalty. The study recommends that the formulation of a good policy framework is fundamental to act as a guide in the implementation of E-Commerce in online business at large.

5.3 Recommendations for Further Research

This research attempted to establish the effect that e-commerce has on businesses in Famagusta. To this end, this research recommends a research to be carried out on factors influencing E-Commerce adoption among businesses in Famagusta. It is also recommended that a similar study can be carried out by a Turkish speaking individual so as to enhance liaison with the employees of the organization participating in the study.

5.4 Conclusion

This study seeks to reveal the influence of e-commerce on the restaurants and hotels in Famagusta, TRNC. A structured questionnaire was self-administered by operations managers of restaurants and hotels randomly chosen in Famagusta. The data collected analyzed using Statistical Package for Social Sciences (SPSS) and the

findings showed that e-commerce processes have an effect on the restaurants and hotels in Famagusta to a great extent. Although these businesses sometimes experience challenges such as lengthy uploading sessions that seems to have hindered the full adoption of e-commerce in general.

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APPENDIX

Dear participant,

This survey is aims to examine the usage, impact, opportunities and challenges of e-Commerce on businesses sector in Famagusta, North Cyprus.

Thank you for your time.

SECTION A: Demographic Data

1) Gender

MALE FEMALE

2) How long have you worked in this business?

Less than 5 year 5 to 10 years

11 to 15 years Above 15 years

3) What is your level of education?

PhD Masters Bachelors Higher Diploma Diploma Certificate

Other, please specify: _____

4) How long have you been working in this current position?

Less than 5 year 5 to 10 years

11 to 15 years Above 15 years

5) Which multi-restaurant app does your business use?

Yemeksepeti Feed Me if other please specify.....

6) To what extent does the E Commerce process affect E Commerce applications i North Cyprus businesses?

The following statements reflect influence of E-Commerce applications in North Cyprus business	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
E-Commerce Opportunities					
7)E-Commerce offers our business closer relationship with the customers					
8)Our business enjoys lower costs that our competitors.					
9)Our business provides customers with various self service and delivery options.					
10)Our online business shortens transaction time which improves customer service					
E-Commerce Challenges to the business					
11)Our business has not fully moved to online business					

12)In our business when customers order online, the stock is always available.					
13)The main focus in our organization for embracing e-commerce is for customer satisfaction					
14)Our systems suffer long upload sessions and payment difficult times.					
E-Commerce Challenges to Customers					
15)Our customers are clear and determined while purchasing their choice products.					
16)Our business always delivers on time.					
17)Our business delivers quality products to customers					
18)Customers are reluctant to provide their personal information on the internet					

Very great extent (✓) Great extent () Neutral extent () Less extent () Not at all ()

Section C: Effect of Efficiency on the Use of E-Commerce Applications

19) How does efficiency of E-Commerce affect E-Commerce applications in North Cyprus businesses?

Very great extent (✓) Great extent () Neutral extent () Less extent () Not at all ()

Section D: North Cyprus Businesses View of E-Commerce as an Alternative Trading Platform?

24) To what extent do North Cyprus businesses view E-Commerce as an alternative trading platform?

	The following statements represent effects of North Cyprus businesses view of E-Commerce on E-Commerce applications in North Cyprus businesses	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
	E-Commerce and Service Quality					
20)	E-Commerce in our business provides information on what the customer's needs are.					
21)	Our business can turn window customers to loyal customers.					
22)	E-commerce enables the adoption of promotional offers.					
23)	E-Commerce has made our business to offering					

products on a mass market.						
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Very great extent () Great extent () Neutral extent () Less extent () Not at all ()



		STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
	The following represents the view of businesses on E-Commerce Competitiveness and as an alternative					
	E-Commerce Adoption and Competition					
25)	Competitor's adoption of E-Commerce influences the adoption of technologies by businesses					
26)	The degree at which E-Commerce is adopted influences competition in the market					
27)	E-Commerce gives our business the opportunity to penetrate new market and compete					
28)	Our business gets pressure from competitors to be always updated					
29)	Competition between businesses should be monitored					
	E-Commerce Adoption and its influence on					

	Business Performance					
30)	E-Commerce adoption in our organization has led to the expansion of our marketplace to national markets					
31)	E-Commerce in our organization has helped locate more customers					
32)	E-Commerce in our organization enables us to have the best suppliers					
33)	E-Commerce helps our buyers to instantly gain access to information and see what the product looks like					
34)	E-Commerce has helped our organization expand our product line.					
	E-Commerce and Business Strategy					
35)	Our business offers values that are appealing to customers					
36)	Our business has interest and understanding of customer needs					
37)	Our business					

	uses customer information as an advantage for effective management					
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THANK YOU!