CHAPTER I

INTRODUCTION

1.1 Background of the Study.

Many changes happened in the society and economy as a result of the developments in the field of information technology. Computers and electronic devices became capable of doing direct communication with each other’s, without conceding the distances between. This connection and communication is being achieved through international networks, the most important being the Internet.

Customers, people and business organizations perceived the unique features which could achieve communication through joining the internet. People could communicate with sellers and searching about the products (goods, services) and they could plan and doing the process of buying by evaluating the several alternatives that are available on the internet and making a comparison between prices so that they could take buying decisions.

The information revolution forced organizations to increase their investments in the relatives fields like, hardware and software, also in the field of training staff and workers who are working in the field of information services. This revolution has lead to making several essential changes in the economic' structure.
The Electronic Revolution has lead to tangible results in several fields such as customer's preferences, and the nature of international competition, issued rules and laws, interest percentage, industrial traditions, and social cases and considerations.

Electronic business and traditional business are sharing the same economically available limited resources, and they are competing for these resources and available infrastructures and substructures in the level of national and international economy. Internet has became an important method for doing business and doing marketing activities, because the user of this net can reach millions of people, and from the different sights of the world, from different levels, both male and female, comprising ages, and different cultures. This marketing importance has the attention of different commercial companies which are doing their business in the nation, at a regional and international level. So they have made every effort to enter internet marketing. The costs of advertising campaign for commercial organizations on internet are estimated by billions.¹

Business Organizations spends millions and billions on its marketing campaign on the Internet for not only the ability of this net to reach a wide section of buyers and customers, but the quick development for this net and it’s rapid spreading. Internet network has exceeded the growth rates ether of communications methods. For example internet users reached to 50 million in the first four years while television users didn’t reach to this number only after fifteen years. Radio users reached this number only after thirty-eighth years. These facts indicate the wide growth of net in the world, and this growth serves marketing benefits, needs, and interests of the commercial business

organizations. The importance of a marketing channel increases and multiplies whenever the reached markets increase.

Electronic Business and marketing through Internet network has several advantages to all stakeholders. From these unique advantages are:

- Achieving several merits and advantages to the consumer (buyer on internet) such as quick information about a wide variety of goods and services from all over the world, as also new goods and services and the ability to buy these products at low prices to satisfy the needs and wants of customer, and the ability to get services at a higher quality.

- Ability for launching the products which are not available in a wide range, the process of marketing this unique products on the internet offers the consumer or electronic buyer the chance to reach and buy it from any where in the world, because the customers of these products are spreading in to different geographical areas so that the most effected marketing methods for this situation is offered by internet.

- Achieving various advantages for the organizations, because the electronic business opens wide marketing opportunities for these organizations, and it become able to improve and develop its competitive performance and decrease the costs.

- Delete or making shorter the supply chains, and make a wider international presence in the market. As a result thus increases the ability of the buyer to shop from any where in the world he cane make shopping inside the stores and shops of these organizations, in spite of the fact that the process of direct distribution is possible to
do it even before using internet, however electronic business on the internet guide to achieve shopping in the shortest possible time and at low cost.

• The ability to adopt an effective and adequate Mass Customization as a result of direct, effective, personal, and continuous communication between organization and its customers was not possible before the appearing of electronic business on internet. However using this method through electronic business makes an organization capable of offering Customized Products at the same cost as Standardized Products due to several reasons, the most important of it being the sizable international market, which helps in achieving the economy of quantities and cost.

• Achieving the contribution of the customer in the process of innovations and development a new products can be achieved in an easy manner as a result of the interactive nature of Electronic Business on the Internet between the organization and its customers.²

• Decreasing the costs of designing and producing, and decreasing the costs of delivery specially if there is a possibility to deliver these products on the internet, such as selling files, programs, and others services.

• Developing the function of marketing research. The ability of getting and collection of information and data from different sources becomes fast and large, and the organization can get information of feed back from the customer in fastest possible

time as result of the several electronic communication methods that are offered by internet network.

- Increasing the ability of the organization (smaller or bigger in size) to enter the global markets and reach the target customer, since internet network helped to get rid of several barriers of entering the markets.

- The ability to support the performance of the advertising strategy and increasing its efficiency through adopting the modern electronic methods in the advertising field.

- Some products need to give more detailed information at the time of advertising about it specially in the field of industrials products, because the buyer can't take the buying decision without the availability of required information and data. The traditional advertising methods don’t make it possible for disseminating the detailed information and facts about the product as a result of limited size of advertising area in the newspaper and magazines, and the duration of advertising in the television and radio, also increases the cost. We can solve this problem by advertising on the internet, because there is no limitation on disseminating the relative information of the product. Hence we can spread the necessary details, mostly in the Banner Advertisement. It can be put by an organization, and the customer can click on it to move to other pages to see the information and data about wanted product.

- The internet marketing is a good method to solve most problems of traditional marketing specially those problems which are related to the weak markets and crowded markets. Internet marketing offers the customer a chance to get the required goods and services without the need to leave one's home or place of work. The
electronic business organizations deliver the products (goods, services) to the customers any where through the developed and quick nets of delivery system and through the supporting systems for Electronic Business.³

Others view Electronic Business as an instrument or method for shopping and marketing, like any others methods such as Telemarketing and Direct Marketing. …etc. But this view of the Electronic Business is wrong. Electronic Business is not only a new method and instrument for marketing, but it is a complete method for business, it is not just a distribution channel, but it is group of process, which include production, marketing, finance, human resource, research and development, and information technology……etc. The integrated manner for electronic commerce has been successful in establishing a new international economy which is an Electronic Economy or which is called Digital Economy. This new international digital economy leads to the groups of elements, the most important of it are: Data, Information, Information technology, Information systems, and development in computers and information technologies. We must say that, marketing products on internet is not a complete alternative to traditional marketing for all products. The buyers will not stop shopping and walking in the markets, here and there, and checking, tasting the products and asking seller about it.

Electronic shopping (internet shopping) provides several things like traditional shopping, but it doesn’t offer the chance of direct contact with products, especially for the products which require it such as, clothes and perfumes. On the other hand electronic shopping provides different features which are not available by traditional shopping like,

the ability to reach far selling places, which we can't reach by traditional shopping for many reasons such as, barriers of traveling, far away distance, and unavailability of specific product in the traditional markets. Electronic stores try to attract customers through design of the web site and methods of presentations as virtual stores, but it can't be like traditional stores in the attraction of the customers.

The quick developments in the fields of communications, communications technology, and development in the uses of internet has lead to a multiplicity the entrances, manners, and alternative strategies by business organizations. Before entering and using internet in the fields of business, the business organizations had only one choice for doing their commercial business which was the traditional business, however after the starting the commercial use for internet network, these organizations have several alternatives for doing their business, these alternatives are:

Entrance for traditional business and traditional commerce.

Entrance for Electronic Business and Electronic Commerce.

Mixed entrance (doing two choices).\(^4\)

The manner of adoption of choice of Electronic Business as a strategic choice has lead to widen the business opportunity. Hence small and large organizations can go to international markets, and also they can now have a global market.

\(^4\) David Hallerman, ”On Line Ad Pricing :Count Heads or Count Results”, Available at:www.emarketer.com(as on 22.6.2006).
The content of electronic business strategy holds several functions of dimensions which are different from other fields of business. If the organization is doing their business in one or more fields from the different fields of goods (which are tangible) the most content of this strategy is the marketing focus, in addition to their interests by others relatives sides such as, information technology, communication technology, and continuous research and development..............etc.

This kind of organizations can't achieve their goals and strategies through the path of internet network only, hence it must built a Competitive Business Strategy and Functional Strategy on the actual level also, in order to achieve the production of the products which will be marketed and sold according to the roles of internet network.

These organizations almost adopt a Mixed Approach in the business, combining Traditional Business Strategy and Electronic Business Strategy. But if the activity of an organization is in one or more fields from the fields of services (which are intangible), electronic business strategy faces two different situations as follow:-

- Organization is a specialist in producing, marketing, and selling services that can deliver directly through the net, such products as computer programs. The Electronic Business Strategy in its content concentrates on two basic function sites, which are marketing site and Processing Production site. This means its content, it's Production Focus, in addition to Marketing Focus (other than giving attention to other functions and relative sites as well).

- An organization is a specialist in services which are impossible to deliver in a complete manner through internet such as, tourism, medical, and transportations
services…………etc. Hence the content of Electronic Business Strategy must be focused on marketing sites more than producing site.

The government of the Republic of Yemen perceived the importance of communications and information technology in the process of comprehensive economical and social development for achieving a better life for persons and societies. Thus their decisions, rules and recommendations are in harmony with this view, which included the instructions to expand the base of beneficiaries from the internet services and doing more and more to reduce the prices of subscription and make the connection to the net, easy for students, researchers and academicians especially with the spreading of the ownership of computers.

The republic of Yemen was the third country in the Arab world\(^5\) entered the services of internet and it endeavored to utilize and invest this service as soon as possible in different ways through electronic rail, electronic government, e-banking, e-bill, electronic library. So that the Republic of Yemen framed laws, legislations and procedures, which made the entering of internet service to the organization easier.

Yemen has a huge tourism ingredient, where Yemen conceded from the rich countries in tourism resources. It is marked by unique natural and cultural features, which constitute a harmonized mix and these elements of tourism create an attractiveness guide satisfies a large segment of people who have a passion for tourism from different countries and across all ages. The Republic of Yemen has endeavored to open regional and international markets to attract tourist groups and in order to achieve that, uses

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different methods to attract these target groups. The most important method from these methods was using the internet network to promote the different tourism services and the local travel and tourism organizations came to use internet in reservation, promotion, reminding customers about their different services and spreading tourism information to the world.

Hence, the Republic of Yemen gave internet network extraordinary interest in order to open international markets and develop the quality of local tourism services, which offers to international tourists under cut throat international competition.

From this we can understand the interest of the government of Yemen in tourism, because tourism is permanent oil and clean industry. The internet marketing contributes in developing and reaching it to a higher range of development and getting a large market share from the international tourism market.

**1.2 Statement of the problem.**

The internet network started entering business organization in the Republic of Yemen in 1996. But the benefit of services introduced by the internet network in the Republic of Yemen has not been suitable to the huge facilities provided by it especially in marketing services and products in the Republic of Yemen.

Marketing is considered to be the basis of the business organization to effectively perform their function properly and continuously. Its importance increases with the current aspects in the modern world such as cut throat competition, world trade freedom and revolution in the field of information and communication. From all of these only the
internet pays attention to open new marketing channels in the Republic of Yemen. And
great importance is given tourism marketing over the internet. Also, the government of
the Republic of Yemen has passed many laws directing the domestic organization to
enter the internet network.

Accordingly the researcher is enquiring in to the advantages in using the internet
network in Republic of Yemen and the limitations cause inefficiency using the services
of the internet and whether this affects the local infrastructure adversely. Also, are the
government laws and regulations about the internet are effective?

To solve the problem the researcher did the necessary studies which support the
hypothesis of the study and tried to verify these hypothesis in order to reach the results
which contribute to promote the process of marketing in the domestic organization
especially in tourism i.e., hotels and travel agencies.

1.3 Research question.

This study tries to give answer to this question. What is the current position and
prospects of internet marketing in the Republic of Yemen? And what are its elements?

1.4 Research hypotheses.

Beside on the research question, seven hypotheses were proposed to determine the
current position of internet marketing in the Republic of Yemen and also determine the
relevant elements. Thus, the seven hypotheses are as follows:-

H1: The laws issued by government support the domestic organizations for
entering the internet network.

H2: The staff in organizations, who use the internet and modern technology have the ability for the effective use of the internet network.

H3: The information infrastructure and the local network of communication is designed for effectively using the internet network.

H4: The financial and banking system constitute hindrances in the development and use of the internet marketing service.

H5: The internet network contributes to open the international market of travel and tourism.

H6: The domestic tourism organizations “Hotel and Travel agencies” get benefit from the various services of the internet network.

H7: The organizations of the travel and tourism in the Republic of Yemen “Hotel and Travel agencies” give great importance to the internet marketing in the future.

1.5 The objectives of the study.

The objectives of this study are as follows:
1. To test and analyze the hypothesis statistically.

2. To direct the vision and give attention to the services and benefits of the internet network from the marketing point of view.

3. To study the current position of the travel and tourism organization in the Republic of Yemen “Hotels and Travel Agencies” vis-à-vis the internet network.

4. To study the abilities of the marketing people in the travel and tourism organizations and how to further qualify them.

5. To contribute to development of international marketing in the domestic organization in accordance with the technical development in the economic world or the ways of using the modern techniques and improvement of the domestic marketing services.

6. To study the current position of communications and information infrastructure that is relevant to internet marketing.

7. To study the internet service costs in the Republic of Yemen and compare it with other countries.

8. To offer suggestions and recommendations about the effectiveness of using the internet network in the tourism marketing in local or international organizations based on result of the research.

1.6 Rational and significance of the study.

The importance of this study considers the following indicators:
• This study is considered to be the first study in the Republic of Yemen which studies the internet marketing and it’s prospects.

• The internet network has great importance in our age and thus invites us to study its effects on the domestic marketing.

• To know the latest internet network technology and its effective advantages, in modern marketing.

• This study aims to facilitate marketing of the products and services in domestic and international market.

• The new international market works according to the new rules, procedures and bases. To join the international market is not compulsory now but, in future it will be a must. Therefore it’s important at present.

• The results and recommendations of this research will contribute to the development of the internet marketing of the domestic organization.

• This research conducted in the Republic of Yemen which is one of the developing countries so that many other developing countries may get the benefit from it, if they want to enter the internet network, most particularly Arab World.

1.7 Research Boundaries

The research boundaries of this study divided as follows:-
1- Time boundaries.

This research covered the period from 1996 the year of entering internet to Yemen till 2006.

2- Area boundaries.

This study conducted in the Republic of Yemen to study internet marketing in the travel agencies and hotels using internet in Sana’a, Aden and Taiz. These cities contain the main activities of tourism in Yemen and also these cities are the largest cities in Yemen and it distributed in different regions of Yemen, Sana’a is located on the north and it’s the capital of Yemen, Aden on the south and it’s the commercial city in Yemen, Taiz is located on the middle and it’s the capital of tourism in Yemen. So the researcher has selected these three cities.

3- Subject boundaries.

This research concentrated on the internet marketing in Yemen; it studied the infrastructure of internet, laws and legislations that are related to internet services, the ability and training of the staff those dealing with internet, prices of subscriptions and facilities of internet marketing that offer to travel agencies and hotels in selected cities.

1.8 Organization of the study.

The present study has been organized into eight chapters, takes the reader through the application of scientific method.
Chapter I (Introduction) .

Begins with a broad overview of the topic of interest and progressively narrows to the point of proposing question to be answered in the course of the research. This chapter also presents a justification for study, citing the problem to be addressed, the value of addressing it, and the potential contribution to the existing body of knowledge and it presents the comprehensive review of literature pertains to and supports the topic under investigation, reviews relevant research from the areas of marketing, internet marketing.

Chapter II (Research Methodology) .

This chapter a gives a view of the research methodology, it explains the methods of data collection, coding, questionnaire, pre-test of the measurement instrument, reliability and validity, sample, area of the study and statistical tools that are used to analyses the data.

Chapter III (Basic Concepts of Internet) .

It deals with introduction about internet network, its size, internet laws, and explains the nature and uses of net. Actual position of internet around the world and current position of internet in the Arab world. Internet service providers, World Wide Web with marketing, internet law and security, some commercial protection protocols on internet network, limitations of internet, and legal considerations of internet.
Chapter IV (The World of Marketing: Importance and Dimensions).

It is concerned with brief introduction of marketing, its concept, important, history and development of marketing, marketing objectives marketing development phases, also explains the marketing mix, ability to make profit, marketing functions, internet marketing environment.

Chapter V (Internet Marketing).

This chapter gives information about internet marketing. Its definition, importance the nature of electronic transactions in action, traditional transactions and benefits of marketing on internet, the modern marketing techniques for the internet network, homepage on the internet network, electronic payment system, varying marketing techniques on the internet, internet marketing mix, the nature and characteristics of e-product, the Price, electronic distribution on internet, promotion on internet, virtual communities concept, site design of electronic store, personalization, privacy. This chapter also explains the different elements of internet marketing security.

Chapter VI (Current Position of Internet Marketing In Yemen).

It explains the current position of internet marketing in the Republic of Yemen, the effect of delay in subscribing to the internet network, the infrastructure requirements for starting internet marketing in Yemen, the role of government in entering internet and issue suitable laws, history of it in Yemen, number of subscribers, infrastructure of communication, providers, prices, the structure of relatives' laws, projects, growth of
internet and its limitations. It also deals with tourism marketing via internet network, and Yemen airways e-ticket, 

Chapter VII (Data Analysis).

Deals with analysis of the different positions of the questioner and also gives view about test of hypothesis.

Chapter VIII (Finding and Recommendations of the Study).

Shows the findings of the study and recommendations, appendix and references.

1.9 Literature Review.

In this section we will know the most important available studies which are related to the subject of the study in order to define the different sides, which were subjected for these studies and to know the main points of it.

The researcher searched for previous Yemeni and Arabic researches and studies, which are related to the subject of the study, Internet Marketing in the Republic of Yemen, but the researcher faced the problem that the previous studies in this field especially in Yemen and Arab world are rare, because it is a new subject in these countries.

We can see the main results of the most important studies in the following points.
• Study of Alsaka (2000).

This study aimed to study and investigate the current position of internet marketing in Syria and study the infrastructure of communication in Syria. It also study the internet investment environment. The researcher in this study distributed a questionnaire in a selected sample to collect related data in Damascus city in Syria.

This study reached to the following results:

1. The size of internet network in Syria is not large in its size.

2. The ability of a local organization to make its own home page is very weak.

3. Ability of staff to deal with internet in Syria is very strong.

4. The infrastructure of communications in Syria is not suitable to use it in an effective manner

• Study of Sharfaldean (2004).

This study aimed to study and know the information policy of the government of the Republic of Yemen and its strategies and also it aimed to know the efforts of government to build the information society and study the problem of using the information technology.

This study reached to these results:

1. There is no one authority in Yemen that manages, supervises and dominates the information society.
2. The ability of people to deal with a new technology is not good.

3. The information infrastructure in the Yemeni universities is not developed.

4. There are no electronic industries in the Republic of Yemen.


  This study aimed to know the current position of e-commerce in the Arab world and its importance.

  This study reached these results:

  1. E-commerce is a new concept in the Arab world, so it is very small in size.

  2. Software companies in the Arab world are few.

  3. E-commerce will be the hot point for doing trading transactions in the future in the Arab world.


  This study aimed to specify the advantages of internet network for marketing and analyzing the opinions of some owners of advertising agencies in the U.S.A. about using internet in marketing and advertising, also this study aimed to analyze the opinions of clients of advertising agencies to know their level of satisfaction about the services of these agencies which are offered to them through internet network.

  This study reached to these results:
1. Internet network offers numerous facilities for marketing and advertising, but the advertising agencies don’t utilize it in a proper manner to advertise the services of their clients.

2. The managers of these agencies don’t know the needs and wants of their clients.

3. These agencies need more and more development.

- Study of Khaled Hassan ALhariry (2002):

   This research aimed to define the necessary elements available in the Yemeni's tourism web sites, in order to play an active role in the tourism promotion for Yemen via the internet, in view of elements of effective tourism and advantages of the use of internet in tourism promotion compared with other tourist promotion media.

   This research has come out with the following conclusions:

   1. There is an obvious drawback in the design elements, contents and is widespread in the Yemeni’s tourism web sites on the internet in comparison to the elements that should be found on effective tourism sites.

   2. Majority of the Yemeni’s tourism web sites on the internet are promotion web sites, which makes such sites too weak for function properly in the promotion for tourism in Yemen.

   3. There are a number of obstacles which hinder a better development in the Yemeni tourism web sites and which makes such sites too weak to function effectively in tourism promotion for Yemen on the internet.

This study aimed to know the range of using the internet network as method of advertising by small scale industries in the field of textiles in Egypt in order to discover the merits and demerits of this method and it aimed to know the importance of using internet for export of ready made cloth.

This research reached to these results:

1. Using internet network for advertising by small scale industries in Egypt is very limited.

2. The main reason for small scale industries in Egypt to use internet for advertising because it is of low cost as compared to other methods.

From previous studies the researcher can reach to these points:-

1. The majority of these studies present the general merits of using internet for marketing which are related to the direct communication with customers any where around the world and product advertising.

2. Most of these studies concentrate on the subject of advertising via internet network and spread information through the websites of network and not concentrate on the elements of product mix that should be used by internet.

3. Most of these studies concentrate on using the WWW in marketing through the internet network as result of the advantages of this net and ignore other services like, E-mail, News Group, Chatting Forum and Electronic Questions Pages.
4. These studies didn't concentrate on the ability and capability of the staff who deal with the new technology of internet network.

5. Most of these studies didn’t concentrate and give attention to the importance of the internet network infrastructures that should be available, to use it in an effective manner in order to achieve better performance.

6. These studies didn't mention the importance of lows and legislations that regulate, organize and facilitate use of internet network in marketing.

This study differs from previous studies in these points:-

- Study and analyze the abilities of the marketing people in the travel and tourism organizations and how to further qualify them.

- Explain the current position of lows and legislations that regulate and dominate the using of internet in Yemen.

- Study the costs of internet service in the Republic of Yemen and compare it with other countries in the Arab world.

- Direct the view and give the attention to the importance of using internet network in marketing the services of travel agencies and hotels in The Republic of Yemen.