

EZDUBAI

E-COMMERCE ZONE

A development by



SME E-commerce Sentiment Survey

Part of our exclusive Enabling E-commerce series

EXECUTIVE SUMMARY



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Foreword

Dear industry colleagues,

Recent times have forced us to assess the rate of technology adoption and our readiness to deal with the unforeseen disruptions and challenges. In the era of COVID-19, amid businesses being affected and industries struggling to keep up, sectors like e-commerce have seen an accelerated adoption across industries and countries.

Our country is the region's fastest-growing e-commerce market with an increase in the count of mobile money wallets. Notably, not just in GCC but in the entire Middle East, the UAE is a trailblazer. According to the World Bank's latest Logistics Performance Index, the UAE continues to move up the Index and has been placed in the 11th position globally followed by Oman, Saudi Arabia, Bahrain, and Egypt.

As the first operational e-commerce zone in the region, it is important that we look at the intricacies of this sector and share them with you. We believe that our e-commerce zone serves as a valuable reference and educational source to the local and international e-commerce community. We continually strive to share insights, case studies and industry knowledge with our partners to aid the growth of the sector.

This SME E-commerce Sentiment Report is part of that commitment to shed light on the significant factors that have moulded the e-commerce sector locally. We produced this report in partnership with SME10X by reaching out to SME businesses and asking them to give us firsthand insights into their experiences. This report is an effort to evaluate where we stand and how we can improve the future prospects of the thriving e-commerce sector, which hold the potential of securing UAE's achievement in its vision of becoming a hub for all things innovative and pioneering.

As you read through the report, you will see that the findings of our survey show an optimistic future for the sector and my hope is that EZDubai can prove to be a catalyst in this growth and development. On our part, we remain committed to the government's ongoing drive to attract and nurture an e-commerce ecosystem of small, medium, and large businesses.

Best regards,

Mohsen Ahmad

CEO Logistics District, Dubai South





Introduction |

A powerhouse for e-commerce

The crisis has had a profound impact on the e-commerce sector and across the world, the online growth potential has come into the spotlight. Whether you are business still at a nascent stage of e-commerce or are actively scaling up investments to increase your online offering, it is worth rethinking and reshaping your strategy from time to time.

We are seeing many players that are still uncertain about how to form their strategies and what is the best approach to execute them. The reality is that in this quickly evolving space, e-commerce success requires much more than simply trying to take offline capabilities online.

It is our hope that this report will help you find some insight and give you some food for thought if you are in any of the above scenarios. We do, of course, realise that this is perhaps just a small step in a long journey ahead and we do endeavour to bring you continuous engagement in the years to follow.

We came out of the pandemic with a situation that was very different from the one when we entered. We saw the importance of going online and digital increasingly significantly so it is critical for SMEs to think about this while they are still getting back on their feet and develop strategies towards e-commerce as early as possible.

Samer Soliman, Managing Director - Middle East,
Network International



Survey highlights: E-commerce is the engine of growth

EZDubai E-commerce Zone and SME10X partnered to create a survey that assessed the current state of mind of SMEs when it came to e-commerce adoption and how they perceived their customer behaviours and preferences changing in light of the recent crisis. Here are some of the top themes that emerged:

- Most retail players have already integrated e-commerce as a key pillar of their growth strategy and businesses that are currently offline are looking to make the transition to online. The survey reported that 62% of businesses said they are willing to pivot to online to meet their customer demand and reach a wider audience.
- Emerging out of the crisis, we have seen the e-commerce space develop and market competition intensify with new entrants in popular categories such as groceries, baby products and fashion.

Interestingly, 23% of survey respondents highlighted market competition as one of their biggest challenges when operating in the e-commerce space. This was followed by lack of investment/funding at 14%.

- A striking finding was that 84% of respondents expressed that they are optimistic about the future of e-commerce in the UAE. The good news coming out of this finding is for businesses that still haven't ventured into the online space. With e-commerce still showing signs of promise and exponential growth, it's not too late to enter the market.

Survey context & methodology

EZDubai E-commerce Zone is the region's first operational e-commerce zone with a focus on supporting SMEs to create, develop and grow their online offerings. In partnership with SME10X, EZDubai has introduced a series of e-commerce focussed engagements for SMEs - both online and offline - under its Enabling E-commerce platform.

This survey was introduced to better understand the growth aspirations, challenges and changing preferences of SMEs when operating in the e-commerce space. The survey questionnaire was prepared carefully to capture the current sentiment of the sector. The questionnaire was then shared with multiple SME networks through EZDubai and SME10X's channels. Out of all the survey responses, a sample size of 100 respondents' were pulled out and analysed to present the insights shared in this report.

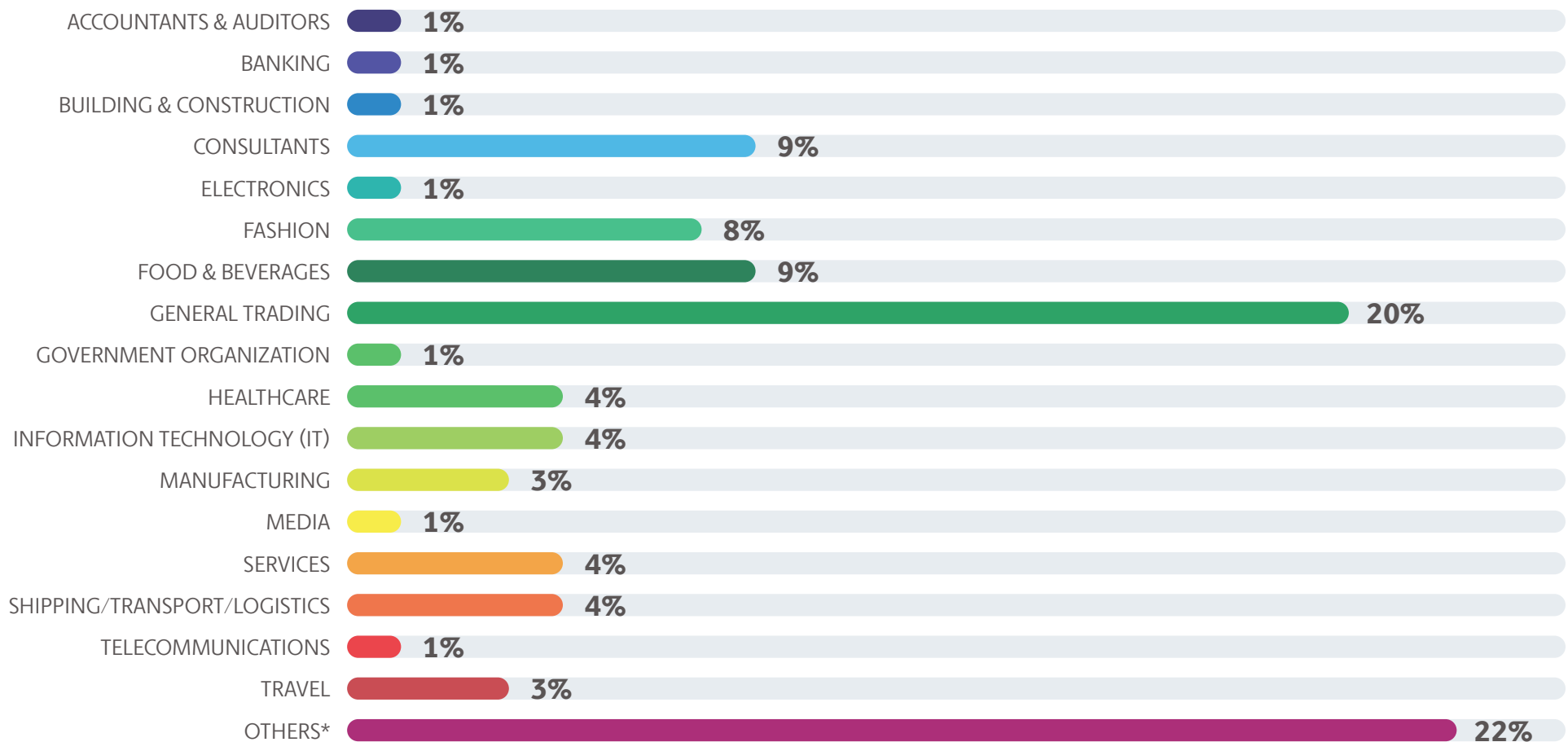


Survey respondents' profile

Survey respondents' profile

Who participated in the survey and the profile of their businesses

Industry sector

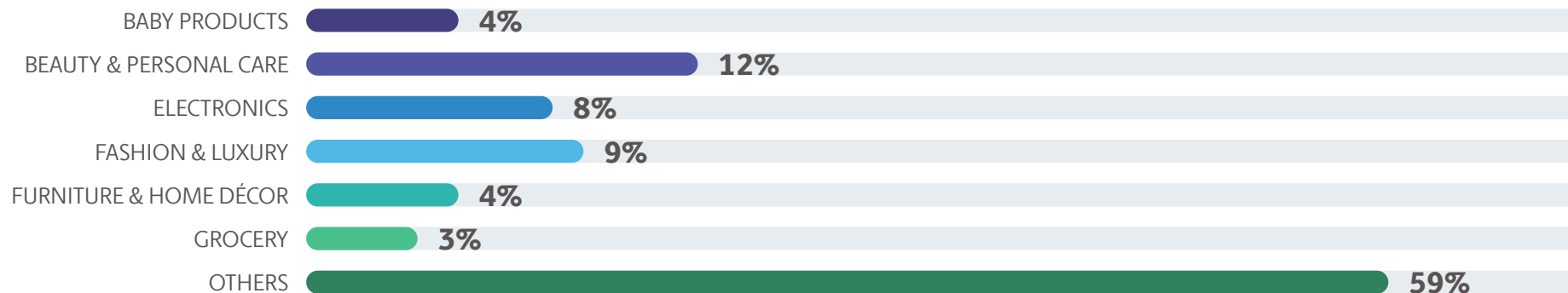


*This option includes industry sectors that were not listed such as health & fitness, sustainability solutions, solar energy, safety equipment and aviation.

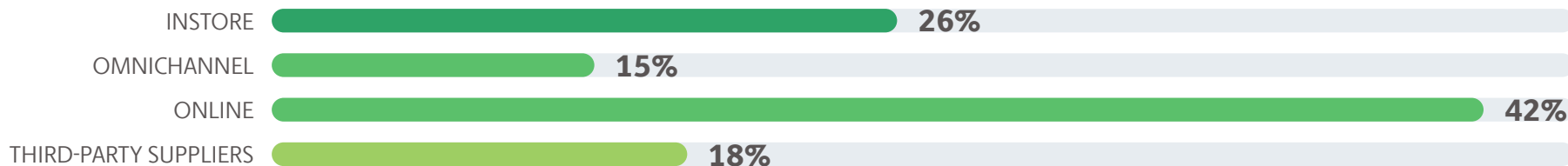
Survey respondents' profile

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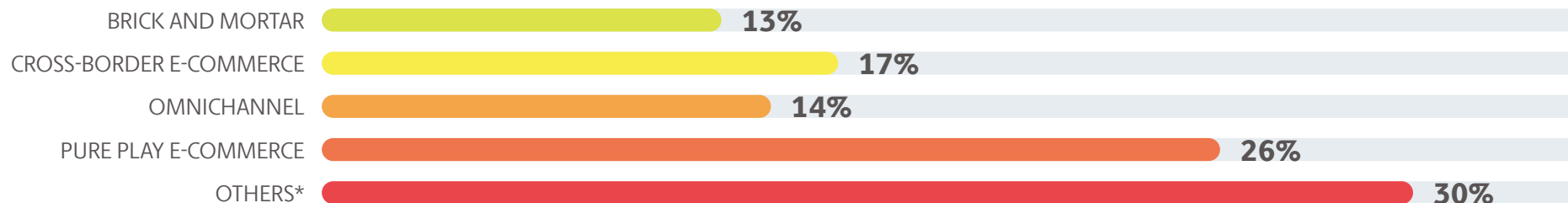
Product categories



Sales channels



Offline vs. online presence

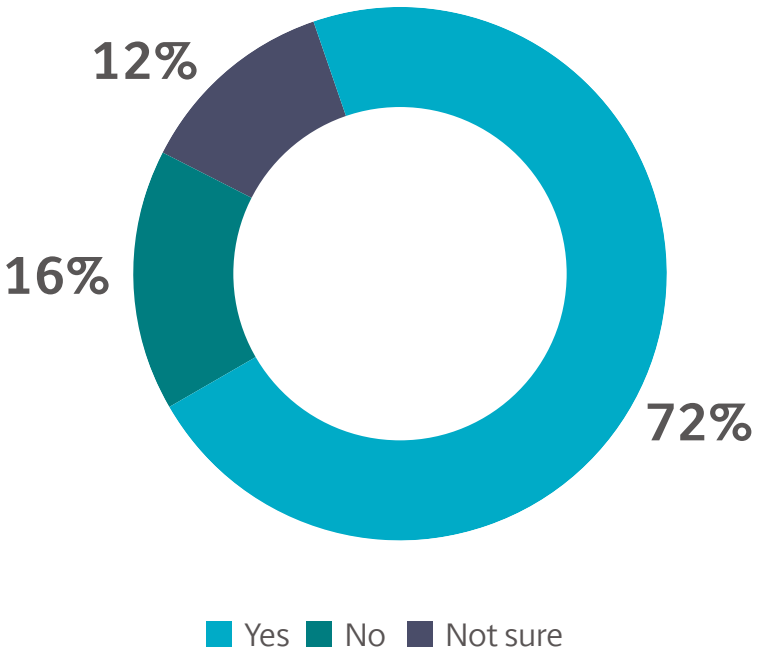


*This option represents categories not listed such as last-mile operators and drop and ship solutions.

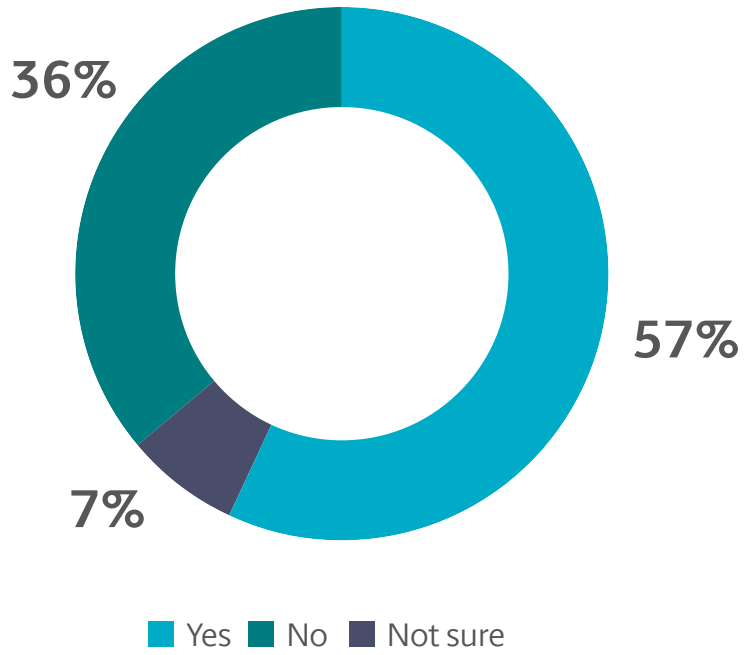
Section 1: Understanding customer behavior

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Q.1. Do you find that your customers are making more purchases online since the pandemic?

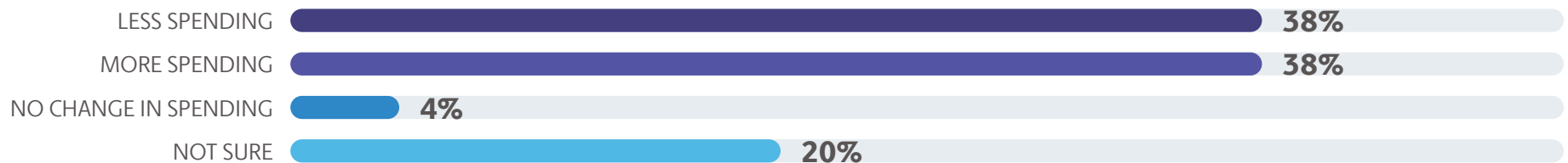


Q.2. In light of the current situation, do you think your customers prefer to make a purchase from a purpose-first business?

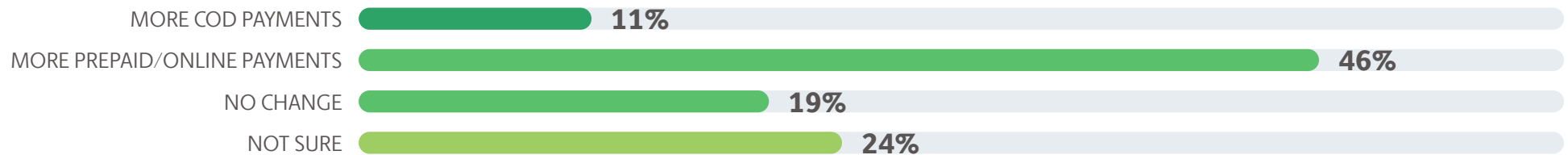


Q.3. How has your customer's preference evolved post-pandemic based on the following factors?

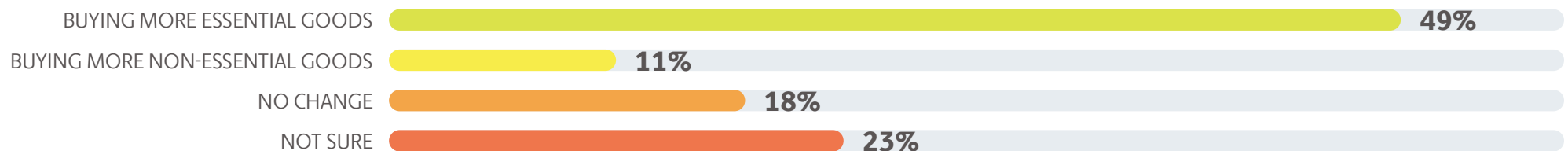
a. Amount spent online



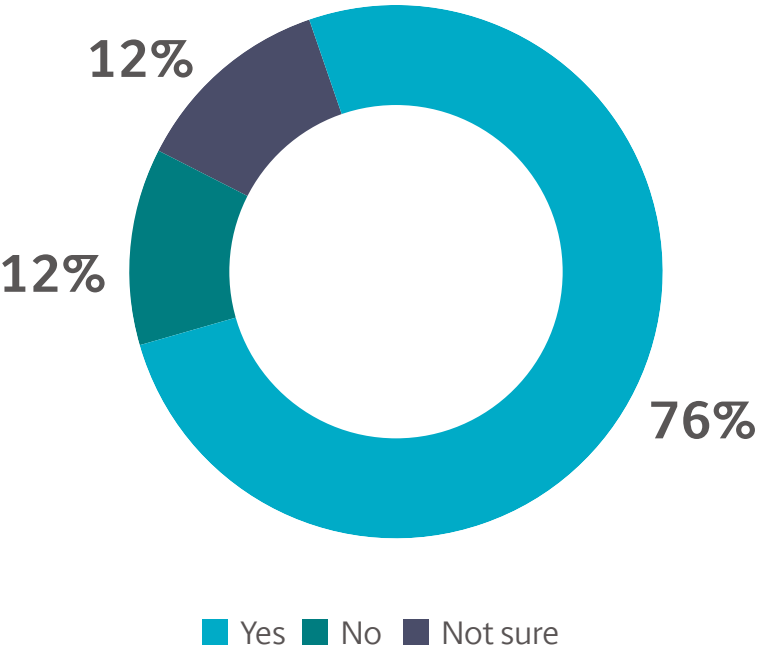
b. Digital payments



c. Essentials vs. non-essentials



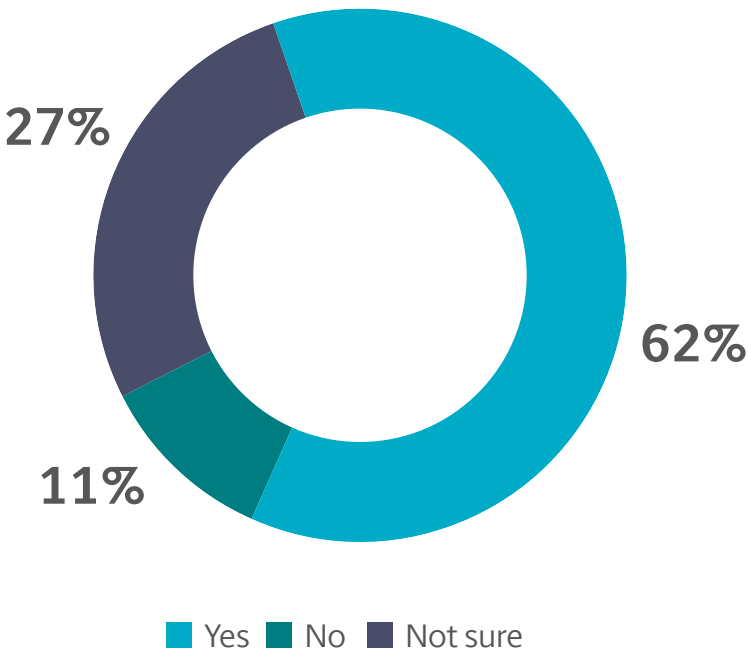
Q.4. Do you customers prefer to use their mobile devices/smartphones for transactions?



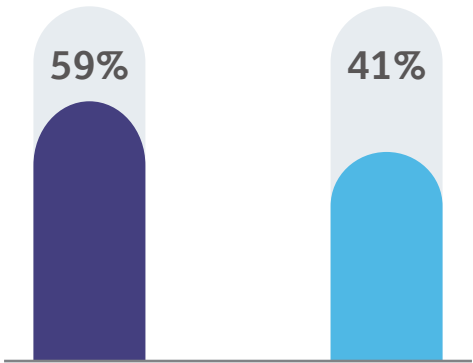
Section 2: The state of e-commerce businesses

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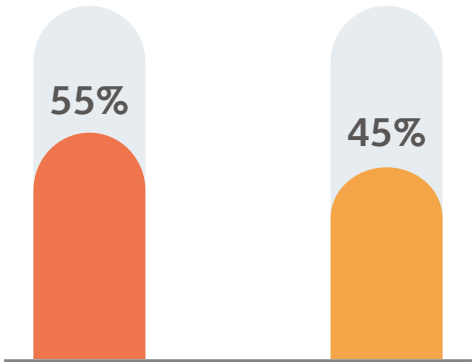
Q.5. If your business currently doesn't have an online presence, are you looking to pivot online to reach a wider audience?



Q.6. Do you offer the option of online payments to your customers?

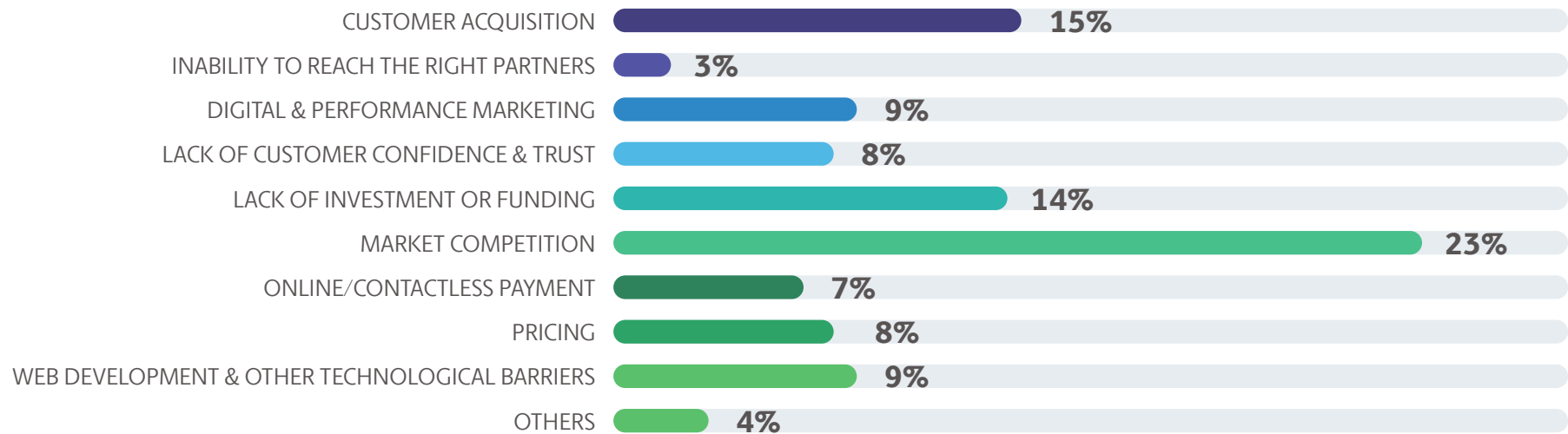


Q.7. Are you working with a payment provider to facilitate online payments?



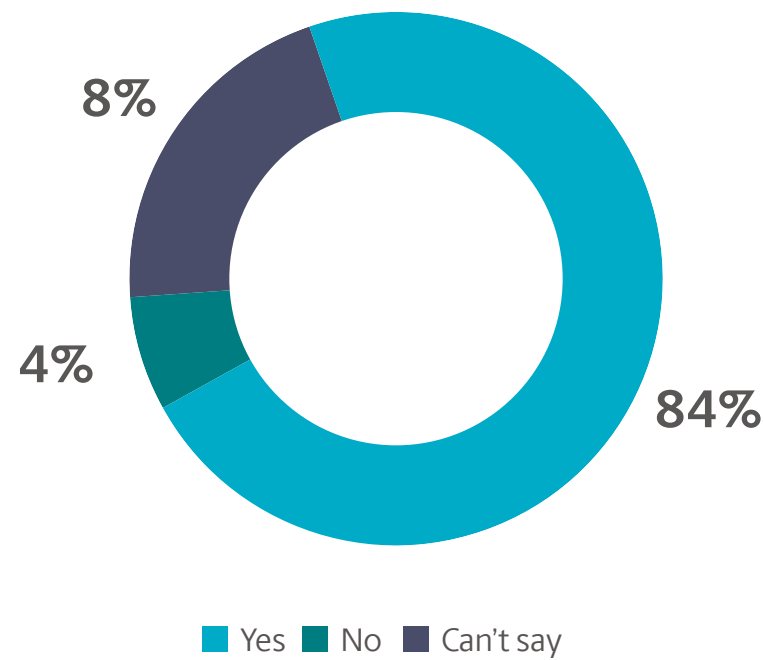
Section 2: The state of e-commerce businesses

Q.8. What is the biggest challenge your business currently faces when selling online?



Section 3: The future of e-commerce

Q.9. Are you optimistic about the future of e-commerce in the region within your industry vertical?



Survey Snapshot

72%

of businesses find that their customers are making more purchases online since the pandemic.

46%

report that their customers are opting for more prepaid/online payments post-pandemic.

49%

cite their customers buying more essential goods post-pandemic.

76%

believe their customer prefer to mobile devices/smartphones for their transactions.

57%

believe that in light of the current situation customers to prefer to make a purchase from a purpose-first business.

62%

of businesses are willing to pivot to online to reach a wider audience.

84%

are optimistic about the future of e-commerce within their industry in the region.

9%

cite web development/technological barriers as one of their biggest challenges.

Support Partners



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