



E-commerceMarket

INSIGHTS INTO THE UAE

Q4-2020

EDITION 3

Currently, the UAE is considered as the most advanced E-commerce market in the Middle East and North Africa. Due the outbreak of COVID-19, consumer buying habits were transformed with more individuals purchasing online. Throughout 2020, the UAE's E-commerce market showed growth and improvement after each passing quarter. Below are the latest insights from Q4 2020:



7.1%

increase in Q4

E-commerce value (amount) growth

As digital acceptance is still trending, online payments continue to grow with an increasing number of customers shopping online, as it reduces the risks of physically going to stores.



5.6%

increase in Q4

E-commerce volume (count) growth

The hype of buying online is positively impacting the number of transactions performed by cardholders, especially returning customers who shifted their behavior and are now increasingly buying online.

Top E-commerce growing sectors in Q4



320%



Hotels



212%



Utilities



160%



Electronics



153%



Retail



141%



Leisure & Entertainment

Due to the relaxation of restrictions and since hotels were completely back in operation during Q4 2020, Hotels topped the list of growing sectors for this quarter with a 320% growth rate buoyed by the domestic tourism campaign announced by the government. This was followed by the growth of the Utilities sector which recorded 212% growth. Electronics recorded a 160% increase, followed by Retail with a 153% increase and Leisure & Entertainment with 141% growth.



3.8%

Domestic

67.9%

International

International E-commerce

The return of international tourism and the noticeable increase of aircraft movements to the UAE, reflected on the growth of international E-commerce traffic. Domestic and international payment transactions were recorded at 3.8% and 67.9% respectively in Q4.



22.5%

Cash to Card percentage

There's still a steep growth in using digital payments generally and contactless purchases specifically, due to consumers feeling more comfortable using cards. A 22.5% shift was recorded from cash to card payments in Q4. Customer behavior is significantly changing, with card acceptance continuing to boom across all sectors.



7.2%
increase in Q4

Brick-and-Mortar to Click-and-Mortar transformation

Brick-and-mortar businesses are seeing some recovery, with a reported 7.2% increase in Q4. Shops in the UAE are focusing on their E-commerce channels, where some segments are experiencing a significant increase of online buyers compared to physical store visitors due to the current situation.



1.7%
in Q4

Average Transaction Value of E-commerce

The ATV of E-commerce continued its growth in Q4 2020 with a 1.7% increase, considering the higher purchase power.



40.1%
increase in Q4

Online retail growth

Customers are moving into the booming online marketplaces trend which has enriched the E-commerce environment in the UAE with a lot of services and products for consumers across all categories. This has resulted in the UAE's retail sector recording a 40.1% growth in Q4.