

E-commerce Sector

IN THE UAE & MENA REGION

SECOND EDITION 100





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Foreword

Dear industry colleagues,

The e-commerce sector in the UAE and the MENA region is undergoing a major transformation, with retailers and business owners relying heavily on it. As such, the UAE focused on delivering cutting-edge solutions and enhanced its infrastructure to appeal to global and local businesses, we are pleased to present you with the second edition of the bi-annual e-commerce report, which outlines significant results, trends, and development drivers that propelled the sector forward.

Moreover, we are glad to see that the UAE is ranked from the top countries in the Global Competitiveness Index's infrastructure sub-group. The developed transport infrastructure, streamlined procedures, and high-quality logistics, combined with the country's strategic geographic location between the east and west, have transformed the country into a global hub over the last decade.

There are many trends that are contributing to the significant growth of the sector, such as the switch to online payments (affecting regional e-commerce), the substantial internet penetration, the continuously growing number of social media users, and the strong purchasing power of the young and affluent population.

We at EZDubai are responsible for presenting customised solutions for our international and local clients operating from our facilities. As a result, our mission is to educate and guide our stakeholders on the path towards their ultimate goals. Additionally, we believe that our e-commerce zone benefits industry players by serving as an educational resource.

Finally, this research is part of our ongoing efforts to shed light on the factors that propelled the growth of the UAE's and the region's e-commerce sectors. In collaboration with Euromonitor International, we produced robust case studies and revealed up-to-date data to develop fact-based insights based on science, thorough research, and industry understanding. On that front, we will work tirelessly to reinforce the industry's commitment to further allow industry players to achieve their goals.

Mohsen Ahmad

CEO of the Logistics District, Dubai South





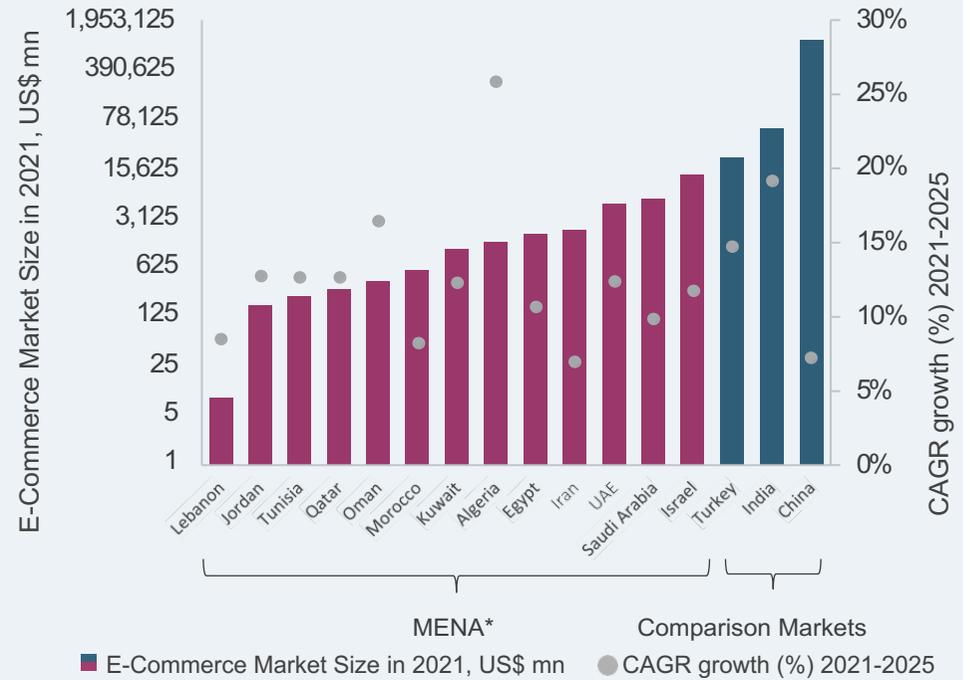
Executive Summary



Introduction

Since the previous report published in 2021, growth in e-commerce sector in MENA region continued to show significant potential. Total e-commerce in the MENA* region grew by 15% from 2020 to USD 31.7 billion in 2021. MENA is an active region for attracting local and international investment in e-commerce and supporting industries such as payments. With the current pace of developments and growing consumer preference for online retail, the region will see e-commerce growth of over USD 18 billion in absolute value terms over 2021-2025. Given most of the investment and consumer maturity is concentrated in relatively developed markets, the UAE, Saudi Arabia and Israel will account for the highest levels of absolute growth.

Total E-commerce Market Size in the MENA*, USD million



Forecast data: constant prices, fixed exchange rate
 Note: *MENA includes Algeria, Egypt, Iran, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, KSA, Tunisia, and the UAE

MENA E-commerce Growth Factors



The digital consumer evolves

Rising social media usage is increasingly supporting brands and online platforms reach more consumers. In addition, digital device ownership is rising, especially of smartphones; possession of smartphones increased to 80% of households in MENA in 2021 from 76% in 2020. Mobile phones are also the leading purchase platform for online sales in the region.



Developed economies lead the region in absolute growth

In the MENA region, the UAE, Saudi Arabia and Israel contributed the most to absolute value growth for e-commerce in 2021. These three markets accounted for more than 70% of the total e-commerce in the region. While Lebanon and Algeria registered the fastest growth among markets, albeit from a smaller base, Egypt stands out as market leader amongst less developed countries, with a growing number of retailers turning to e-commerce.



Retailers are shaping up to meet consumer demand for online

Retailers in the MENA region are fast digitizing their services, presenting key competition to pure online players. Omnichannel remains a notable trend, while the evolution of delivery using technology and artificial intelligence is marked by increasing desire amongst consumers for greater speed and convenience.



Consumer electronics are a key sector for online sales

The overall region holds additional appetite for consumer electronics, accounting for 31% of total e-commerce sales in 2021, followed by apparel and footwear (23%) and consumer appliances (8%). Together these sectors account for over 60% of total e-commerce. The fastest growing sectors over the forecast period of 2021-2025 are food and drink (+16% CAGR) and consumer health (+12% CAGR) amidst growing online offerings and innovations in these emerging categories.

E-Commerce MENA At A Glance



2021

31.7 USD BILLION

Total E-commerce
Market Value

33%

CAGR
2017-2021

6%

E-commerce
Penetration

62%

Share of top 3 verticals by size (2021)



Consumer
Electronics



Apparel and
Footwear



Food &
Drinks

2025

49.9 USD BILLION

Total E-commerce
Market Value

12%

CAGR
2021-2025

8%

E-commerce
Penetration

Fastest-growing verticals (2021 - 2025)



Food &
Drinks



Consumer
Health



Consumer
Electronics

Overview of the UAE Market

The pandemic acted as a catalyst, accelerating e-commerce adoption in the UAE. The UAE is at the forefront of digital policies in the MENA region, for example being the first to adopt 5G network. Payment's methods have also changed favouring non-cash alternatives, underpinned by an increase in the level of trust and the level of service.

Smartphones are increasingly being used for online purchases. Compared to the MENA region, UAE has the largest use of smartphones for ordering food online in 2021, with the country also showing the strongest increase in smartphone usage for online food orders.

Overall, the UAE e-commerce market reached USD 5 billion in 2021, up from USD 2.7 billion in 2020 and is anticipated to surpass USD 8 billion by 2025.

UAE E-commerce Growth Factors



Demographics favouring digital

The UAE boasts a young, internet-savvy populace: 22% of the UAE's population is under the age of 25, with one of the highest rates of internet penetration, not only in the GCC but globally.



Trust in Online Payments

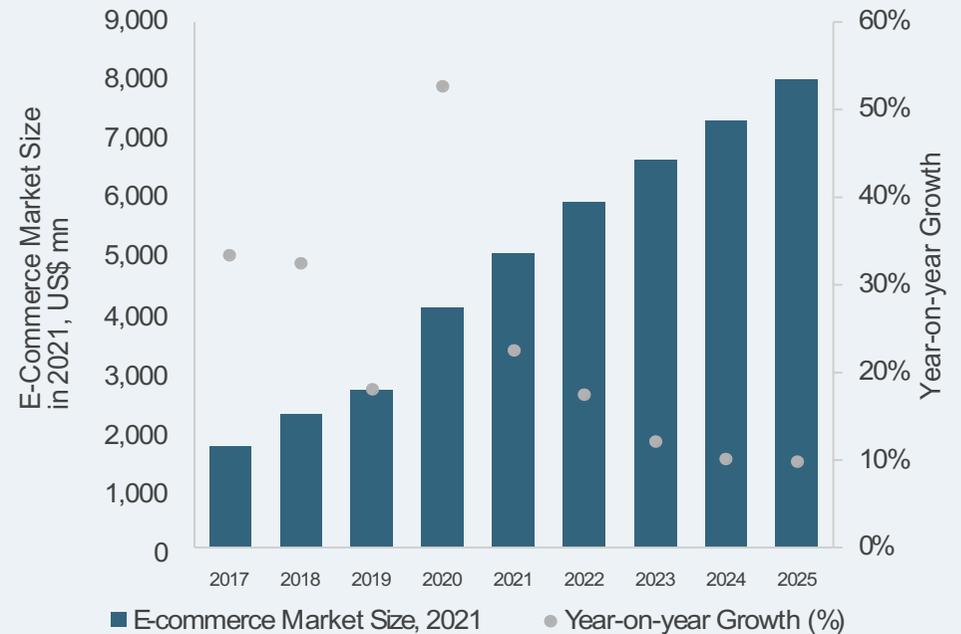
Secure payments, higher trust in online payments and increased adoption of mobile wallets ranks UAE among the foremost regional economies most rapidly moving away from cash. Also, UAE has higher online transaction size on average (USD 122 in 2019-20) compared to both emerging (USD 22) and mature e-commerce markets (USD 76).



Proactive Government

Proactive government policies have been crucial in building a digital culture in the UAE - digital commerce and cashless payments were identified as top government priorities in UAE Vision 2021. In addition, the UAE ranks among the top countries in the Ease of Doing Business 2020 index globally.

Total E-commerce Market Size in the UAE, USD millions



Forecast data: constant prices, fixed exchange rate
Note: *MENA includes Algeria, Egypt, Iran, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, KSA, Tunisia, and the UAE



Telecommunications

The telecommunication sector in the UAE is among the most robust in the world. The UAE ranked first globally in the rate of mobile broadband Internet subscriptions per 100 inhabitants.



Strong Competitiveness & Infrastructure

The UAE ranks among the top in the MENA region on the Global Competitiveness Index. Not only is UAE outpacing the region on infrastructure, the country also ranks top globally on the Ease of Doing Business Index thanks to the government's efforts to cut costs for the private sector and simplify procedures.



Permanent shift from cash

75% of digital consumers in the UAE use credit/debit cards for online payments.

21% of digital consumers in the UAE use digital wallets for online payments.

According to Euromonitor International's Digital Consumer Survey, 75% of consumers in the UAE used credit/debit cards for online buying in 2021 – higher than the global average of 55%. Consumers are becoming more accustomed with digital payments as security and online platforms improve. The survey further revealed that cash on delivery is declining, with less respondents selecting this as their payment method in 2021



Trust in Online Payments

94% of digital consumers in the UAE own a smartphone

63% of digital consumers in the UAE use online bill payments through mobile apps

22% of the UAE's population is under the age of 25, which means that the demographics favour adoption of mobile technology. Gen Z is more likely to make a purchase on mobile apps, whereas millennials may still feel more comfortable on a desktop. As the younger generation enters their peak spending years, this is a trend that is set to skyrocket.



Higher social media consumption

73% of digital consumers in the UAE use Facebook multiple times a day

68% of digital consumers in the UAE use Facebook to find out information about a brand, company or product

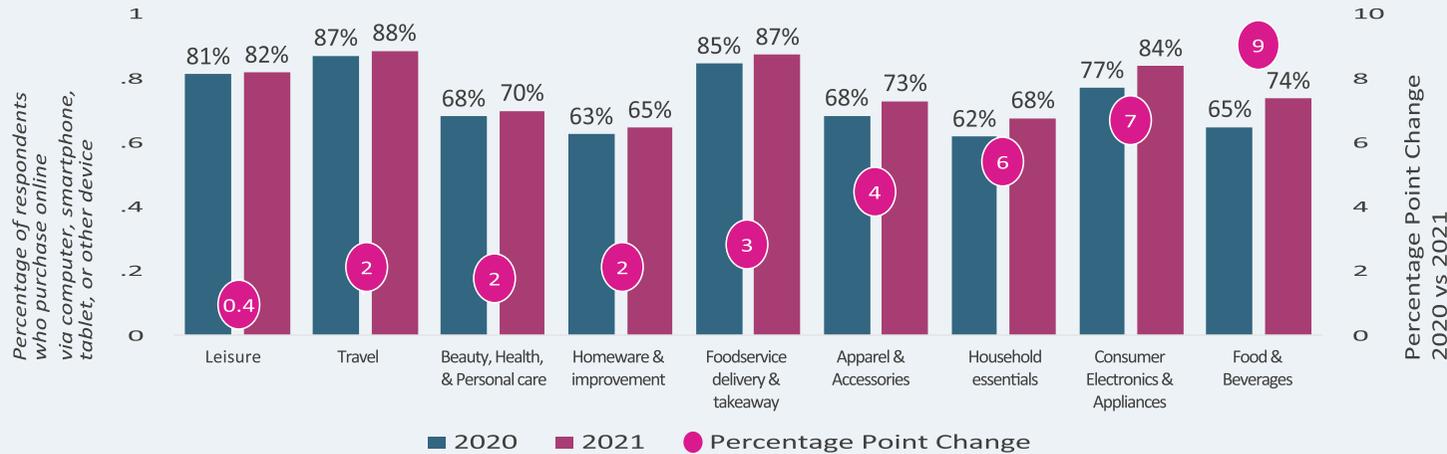
Social media users increase rapidly along with rising number of internet users.

Social media platforms have more than 90% penetration in the UAE.

Social media advertisement consumption is gaining grounds in the UAE, as influencers and celebrities are promoting brands on social media platforms and have huge followings.

Online Purchasing Trends

Digital Consumer Survey: Typical Online Purchases per Industry in the UAE



Digital Consumer Survey 2021 fielded March-April 2021.
(% of respondents who typically purchase indicated categories online via computers, smartphones, tablets, or other devices)

- According to Euromonitor International's Digital Consumer Survey, more consumers purchased online across all categories during 2021 compared to 2020, with an average 75% of respondents typically purchasing online in 2021 (vs 72% in 2020).
- Food and beverages the stand-out performer for online purchases in 2021, followed by consumer electronics and appliances.
- Conversely, leisure and travel saw the slowest increase in online purchases amid lockdowns in 2021.

Online Purchasing Insights

- ### 1 Focus on diversifying categories to non-traditional online areas, such as food and drink

Apart from homecare and consumer health, food & beverages witnessed strong performance during COVID-19 and is expected to see sustained behaviour of online food ordering given consumers' desire for convenience, combined with active investment by grocery retailers in digitalisation.
- ### 2 Take advantage of growing m-commerce and demand for shopping apps in the UAE

With COVID-19 accelerating the use of m-commerce, especially amongst younger generations, mobile apps are increasingly becoming important to remain relevant. In addition, 41% of digital consumers consider easy-to-use interfaces to be an influential feature for using mobile payments. In turn, companies should focus on offering strong mobile applications, with functional and intuitive payment offerings.
- ### 3 Competition heats up regionally, warranting rethinking of consumer experience

Pure players are competing not only with similar companies but with multicategory marketplaces, mobile apps and new business models. To get an advantage, consumer brands and retailers are focusing on providing an integrated experience, which takes into account both physical and digital experiences and finding new routes to reach customers.

E-Commerce in the UAE At A Glance



2021

5 USD BILLION

Total E-commerce
Market Value

31%

CAGR
2017-2021

9%

E-commerce
Penetration

70%

Share of top 3 verticals by size (2021)



Consumer
Electronics



Apparel and
Footwear



Food &
Beverages

2025

8 USD BILLION

Total E-commerce
Market Value

12%

CAGR
2021-2025

11%

E-commerce
Penetration

Fastest-growing verticals (2021 - 2025)



Homeware
and
Furnishings



Food &
Beverages



Media
Products

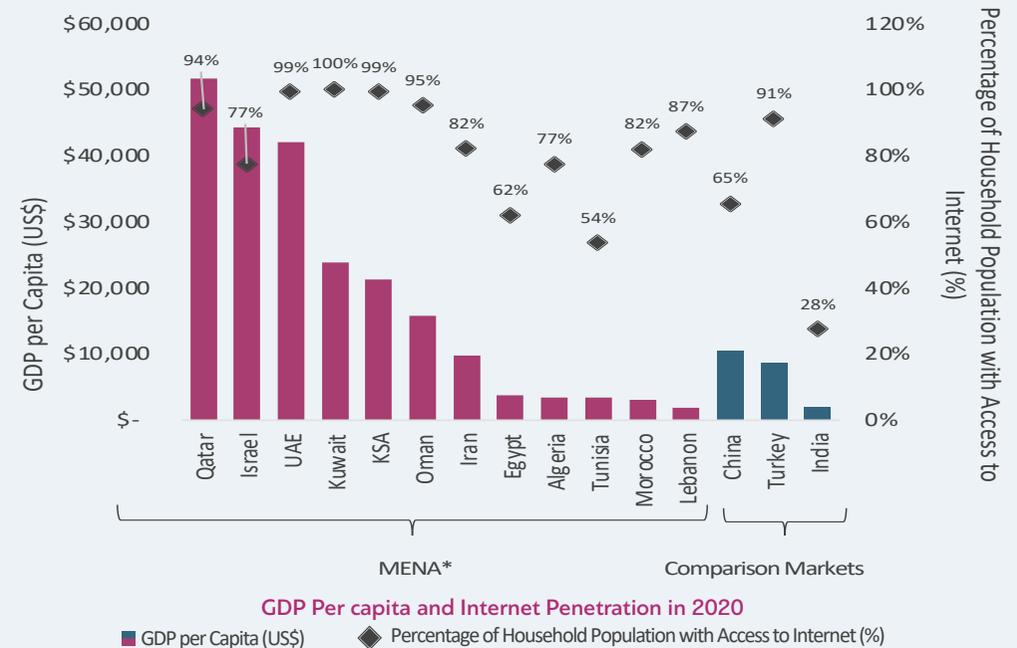
The E-commerce Industry Size & Growth Drivers



Internet Penetration

- Countries in the Middle East are in a strong position to enable further e-commerce development thanks to high GDP per capita and internet penetration.
- The UAE and Qatar are in the strongest position, with GDP per capita above USD 40,000 and internet penetration above 90%. Both countries have successfully implemented fibre access in homes and have the highest active mobile-broadband subscriptions in the region.
- Countries with lower levels of GDP per capita (below USD 20,000) and internet penetration (below 80%), such as Lebanon, Algeria, Egypt and Tunisia, lag behind regional peers.
- Both Egypt and Lebanon have much lower levels of fibre access in homes. That said, Egypt recently announced plans to invest USD 360 million on fibre to the home to connect over 60 million people in rural areas.

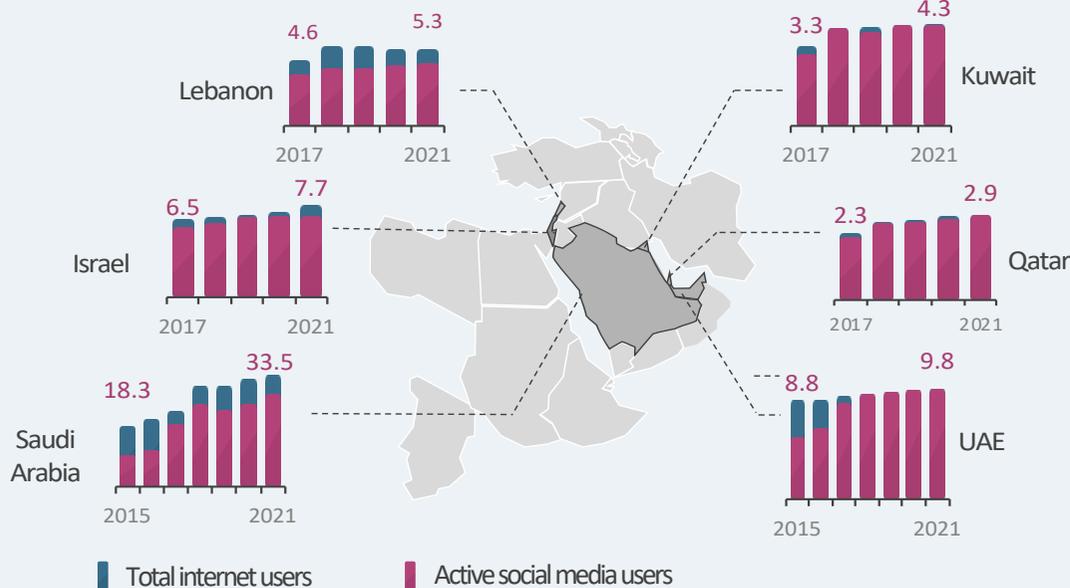
High income and internet penetration drive online activity in selected MENA countries



Note: *MENA includes Algeria, Egypt, Iran, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, KSA, Tunisia, and the UAE

Social Media Penetration

Internet users vs active social media users (2017 to 2021)



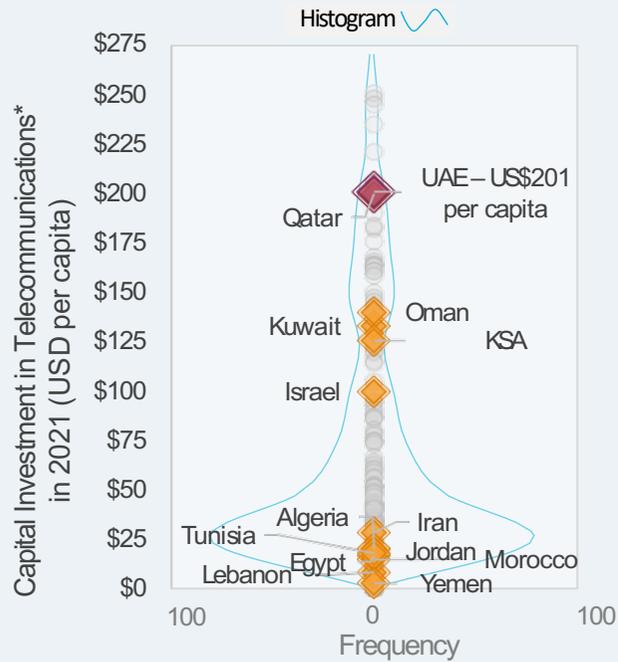
- Total internet users in the MENA increased dramatically in the last 10 years, from 75.6 million users in 2010 to 239 million users in 2021, an increase of more than 200%.
- Similarly, the rate in which users have joined social media platforms has also risen in all the countries and has reached more than 90% penetration in the six countries showed in the diagrams by 2021.

How consumers are using social media in the UAE

35% of UAE consumers use their social media accounts to find information about brands, companies, products or services.	More than 35% of UAE consumers use social media to engage with a companies about a product or service
31% of UAE digital consumers purchase products via social media platforms.	More than 44% follow or like a company's social media feed or post

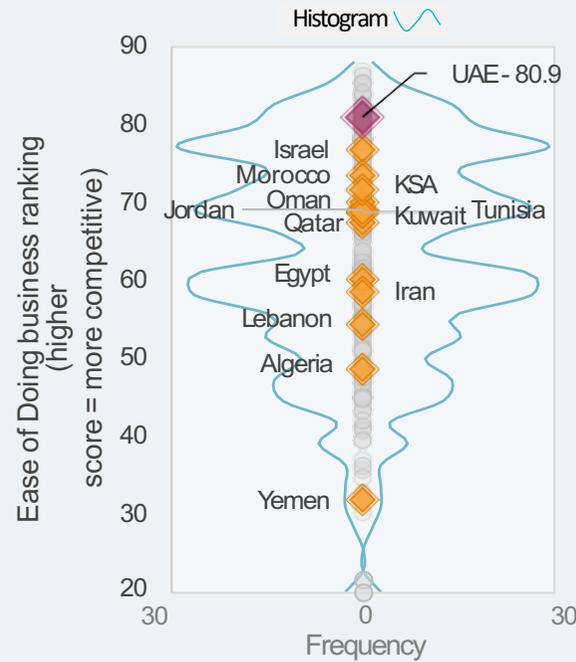
UAE Growth Factors

Telecommunications Infrastructure



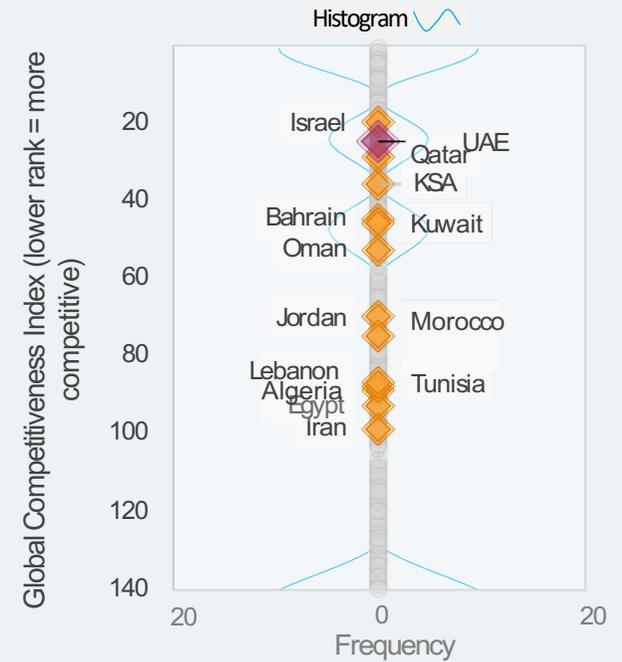
*Capital investment refers to expenditure associated with acquiring the ownership of telecommunication equipment infrastructure.

Ease of Doing Business Ranking



Source: World Bank Ease of Doing Business ranking 2020

Global Competitiveness Ranking



Source: World Economic Forum Global Competitiveness Index 2019



UAE boasts an Advanced ICT Network with High Digitalisation

The UAE is the technology hub of the Middle East and Africa, the country's ranking among the most advanced nations in the ICT adoption pillar (GCI). 96.6% of the UAE's households had access to the internet in 2020, the 8th highest in the world. The high technology adoption levels create one of the most digitalized markets in the world, motivating expansion of e-commerce, m-commerce, 5G, smart city and other technologies.



UAE Ranks Among Top 20 in Ease of Doing Business Globally

The UAE ranks among top countries in the Ease of Doing Business 2020 index globally. The UAE actively engages in enhancing the business environment, targeting economic diversification. Thanks to the government's efforts to cut costs for the private sector and simplify procedures, the UAE stands out in Getting Electricity, Starting Business and Enforcing Contracts pillars in the Doing Business Index sub-categories.



The UAE is on Par with the World's Most Developed Countries in Competitiveness

The UAE ranks among the best globally on the Global Competitiveness Index. The UAE's efforts in improving transport infrastructure, attracting investments and developing logistics supports the country with having one of the most developed transport systems in the world. The country ranks also 1st globally on stable macroeconomic environment within the index.

E-commerce Market Size In The MENA Region



USD 10 bn

Total market size in MENA*, 2017

USD 31.7 bn

Total market size in MENA*, 2021

+33%

CAGR growth, %, 2017-2021

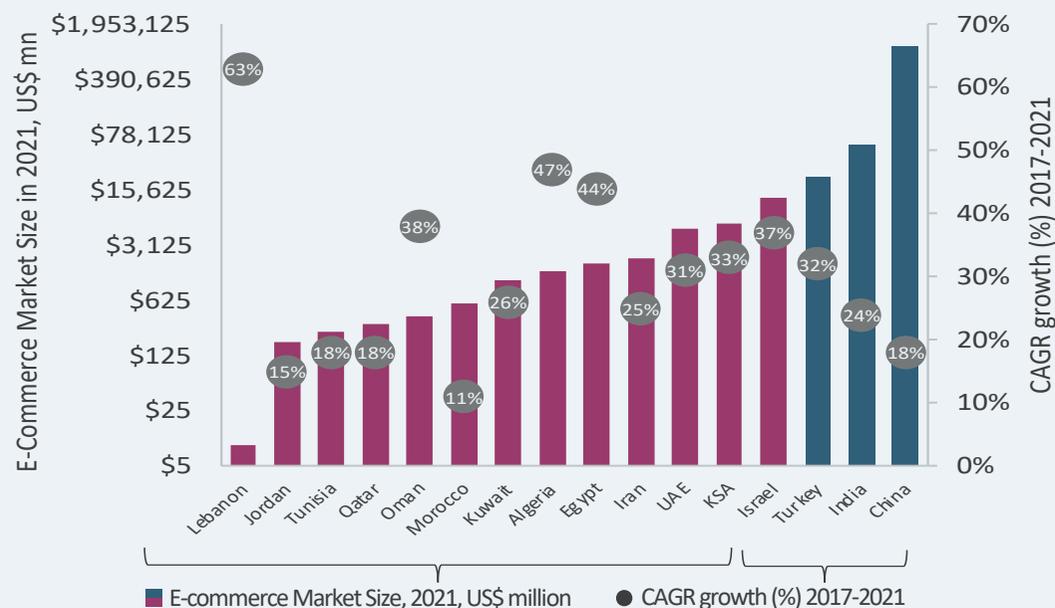
E-commerce in the MENA region is fast catching up with global powerhouses, such as China, with many online retailers scaling up services during COVID-19.

E-commerce expansion in the MENA region offers new growth opportunities as e-commerce readiness and low penetration rates offer higher potential to grow, while development of infrastructure is key to realise adoption of e-commerce.

Expansion of e-commerce in the MENA region is mainly driven by strong internet penetration rates, high possession of digital devices, rising incomes, improving logistic advancements and the increasing presence of global and recognized players that have brought variety and availability to local consumers amidst the pandemic.

Countries have also been improving their regulatory framework pertaining to payments in the region.

E-commerce Market Size 2021 and CAGR (2017 – 2021)



- Prior to the pandemic, e-commerce in China had already been booming for years. China's e-commerce market size is four times that of the entire MENA region, at USD 1,035 billion in 2021, having also benefited from COVID-19.
- The pandemic essentially accelerated the push towards online for resistant markets, with some countries proving to be more prepared in infrastructure, consumer behavior, and income levels to make the shift towards online platforms.
- In the MENA region, mobile penetration is increasing fast along with the number of internet users, with countries like the UAE, Israel and Saudi Arabia leading in terms of e-commerce market size.
- Furthermore, many countries in the region have experienced CAGRs higher than 30% during 2017-2021, growing above the world average of 18% CAGR. Egypt, Algeria and Lebanon lead the MENA region in terms of growth.

Note:*MENA includes Algeria, Egypt, Iran, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, KSA Tunisia, and the UAE

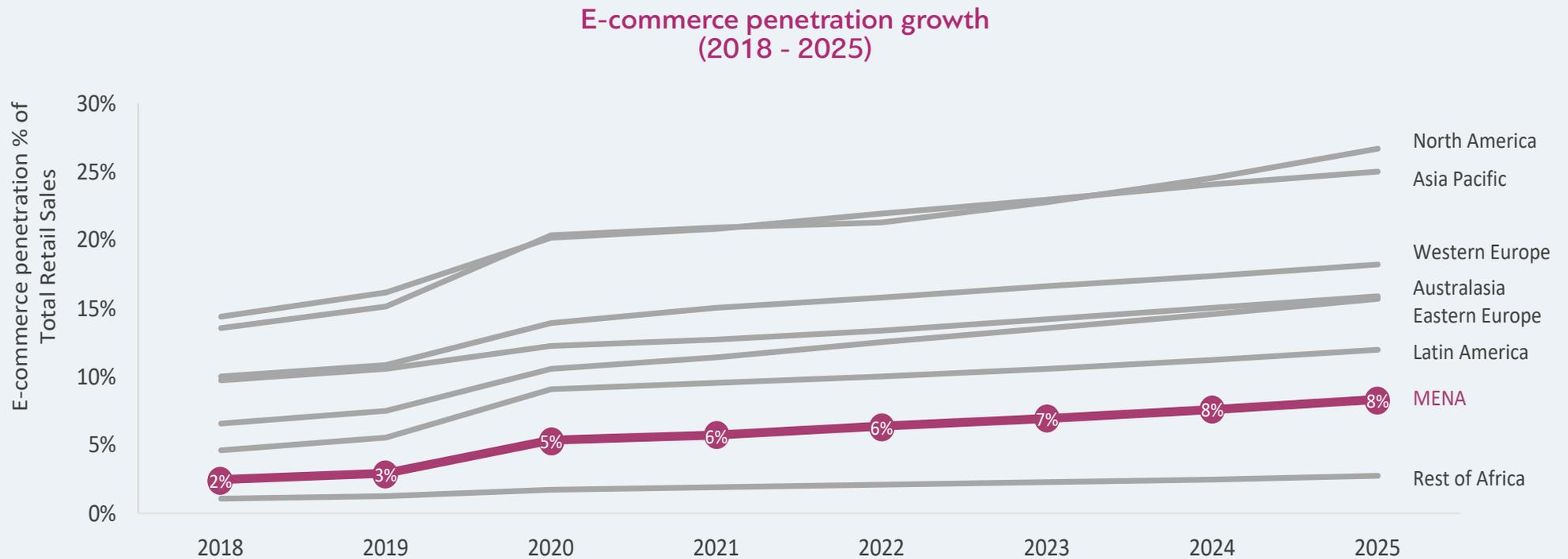
E-commerce Retailing Market

		E-commerce per capita 2021	E-commerce Market Size 2021 (USD mil.)	CAGR growth 2017 - 2021
MENA: above \$100 per capita	Israel	\$1,344	\$12,588	37%
	UAE	\$553	\$5,022	31%
	Kuwait	\$257	\$1,121	26%
	KSA	\$177	\$5,865	33%
	Qatar	\$115	\$308	18%
	Oman	\$86	\$389	38%
	Algeria	\$32	\$1,439	47%
MENA: below \$100 per capita	Iran	\$25	\$2,136	25%
	Jordan	\$18	\$182	15%
	Egypt	\$18	\$1,855	44%
	Morocco	\$15	\$568	11%
	Tunisia	\$21	\$246	18%
	Lebanon	\$1	\$9	63%
Other Markets	China	\$734	\$1,035,773	18%
	Turkey	\$266	\$22,251	32%
	India	\$43	\$57,953	24%

- Saudi Arabia, the UAE and Israel account for 70% of total online sales in the MENA region. Israel, in particular, leads the region in terms of per capita sales, followed by the UAE and Kuwait. They enjoy high levels of internet penetration and possession of digital devices along with high levels of disposable income that enabled them to engage in digital transactions.
- Within North Africa, Egypt stands out as the market leader, with a growing number of retail chains turning to e-commerce even prior to the pandemic.
- While the e-commerce size is considerably higher in China than countries in the MENA, China's per capita online spending is closer to Israel and the UAE, indicative that consumers in specific MENA countries tend to spend like consumers in China.

Forecast data: constant prices, fixed exchange rate

E-commerce Penetration By Region



- E-commerce penetration in the MENA still lags behind globally at 6% in 2021. Nonetheless, growth in e-commerce penetration in the MENA region during 2020 was highest globally, at 84%, as online penetration benefited from fast adoption of online platforms by retailers, high internet penetration rates, and widespread use of social media.
- Online penetration in the MENA region is expected to grow to 8% in 2025, reflecting a CAGR of 10% during 2021 - 2025.

Payment Methods In The UAE

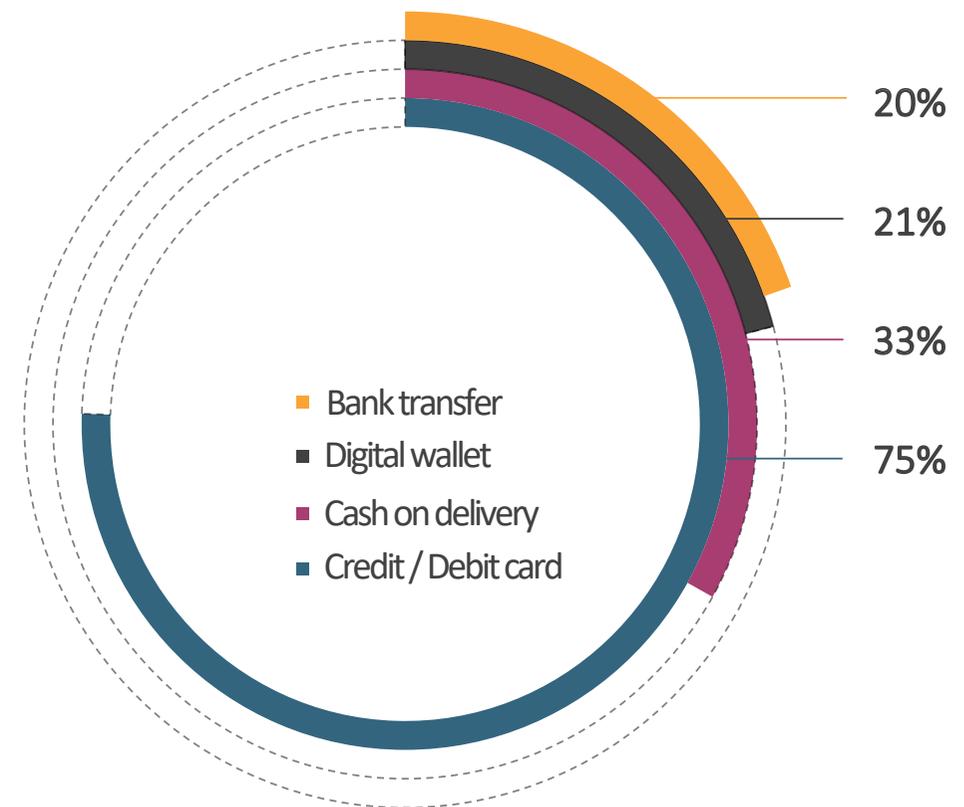
While the MENA is mostly a cash-based economy, after the pandemic, consumers shifted quickly to adopt credit and debit cards, driven by an increase trust and the improvement of company operations.

In general, cash on delivery is associated with higher rates of failed delivery since there is greater reason for the consumer to back out without having to put money up front.

In the UAE, credit/debit cards are the preferred method of payment, according to Euromonitor International's Digital Consumer Survey on how consumers in the UAE pay for their online purchases.

Digital wallets and other methods of payments, such as 'buy now, pay later,' have also been increasing by the hand of international players, telecommunication companies and banks, which are promoting consumer adoption.

How do consumers in the UAE typically pay for their online purchases?*



Cross Border E-commerce In The UAE

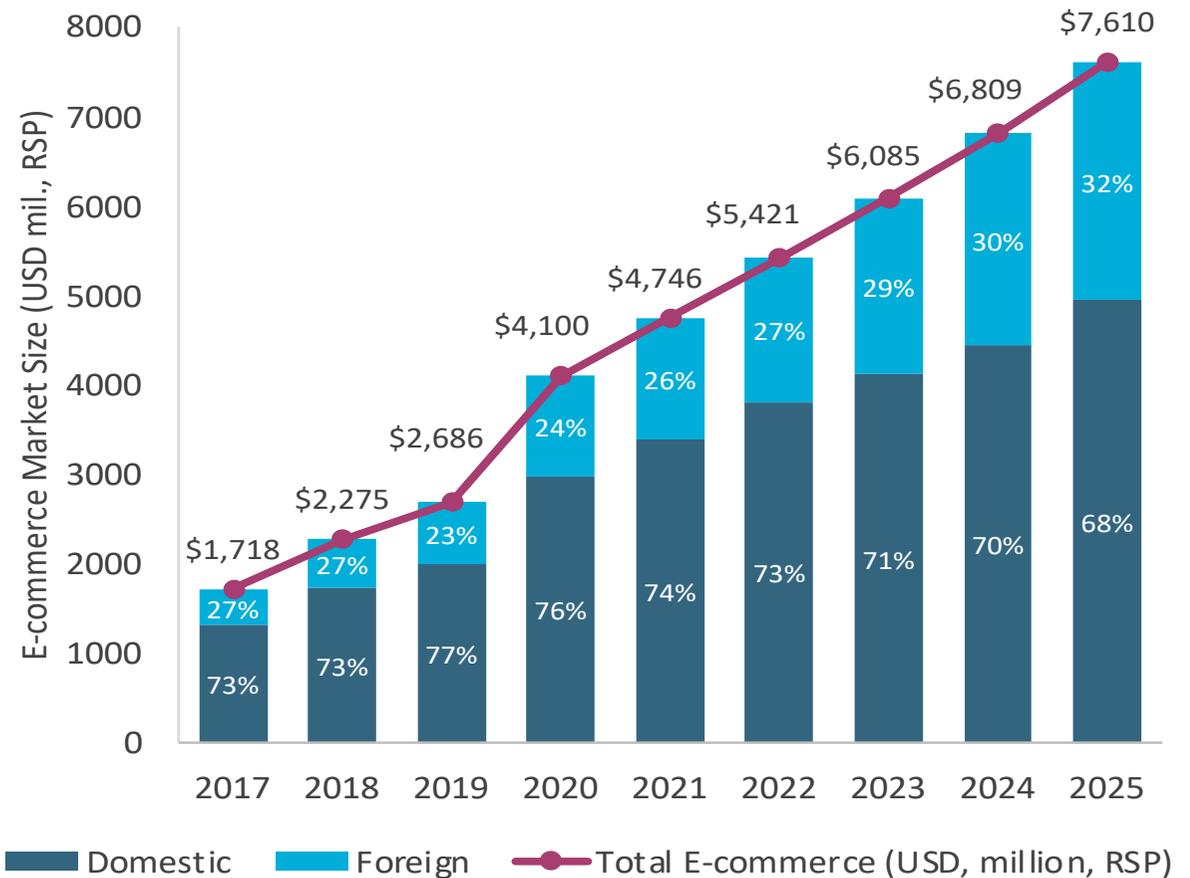
With relatively high GDP per capita, a young population, and high internet penetration, the UAE offers key opportunities for cross-border retailers. UAE consumers purchase from cross-border retailers to access a wider range of products or search for cheaper prices or higher quality products not offered locally. The UAE also has affordable shipping costs for consumers looking to purchase outside the region.

The leading countries, which UAE consumers purchase from, include the USA, India and China and are often related to apparel and footwear and beauty and personal care.

Foreign e-commerce (UAE consumers purchasing outside of the country) is rising fast in the UAE, from 23% of total e-commerce sales in 2019 to 26% in 2021; this is expected to rise to 32% in 2025.

This allowed players outside of the region, such as AliExpress and eBay, to capture a share of the business.

Domestic vs Foreign E-commerce*
in the UAE



Note: *Domestic E-commerce refers to consumers in the UAE purchasing from UAE-based online retailers. Foreign E-commerce refers to consumers in the UAE purchasing from abroad.

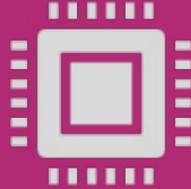
Historic data: current prices, y-o-y exchange rate; Forecast data: constant prices, fixed exchange rate

Key Trends Shaping E-commerce In MENA In 2021



Omnipresence Focus

A holistic approach to the consumer experience requires an omnichannel approach, weaving in physical/digital touchpoints and contextual overlays. Shoppers expect a seamless experience across all touchpoints (physical and virtual). Retailers and brands must set up more agile operations to better serve consumers.



Technological Revamp

Retailers and consumer brands are increasingly turning to tech to help them stay competitive in the digital era. COVID-19 only further underscored the role that tech will play. Investing in any new technology will require a cost-benefit analysis as such a decision is highly individualised to each company's needs.



Rethinking The Last Mile

Improving last mile efficiencies and operations will be a top initiative for retailers, foodservice operators and delivery firms in 2021 and beyond. Last mile failure rates are high in UAE and companies need to rethink their last mile delivery solutions through the use of technology, pick up points or even of artificial intelligence.



Re-evaluating The Role Of The Store

From traditional to digital experiences, companies are differentiating by innovating the way they interact with their customers, either via a smart use of social media to the use of hardware in their stores to connect to consumers.



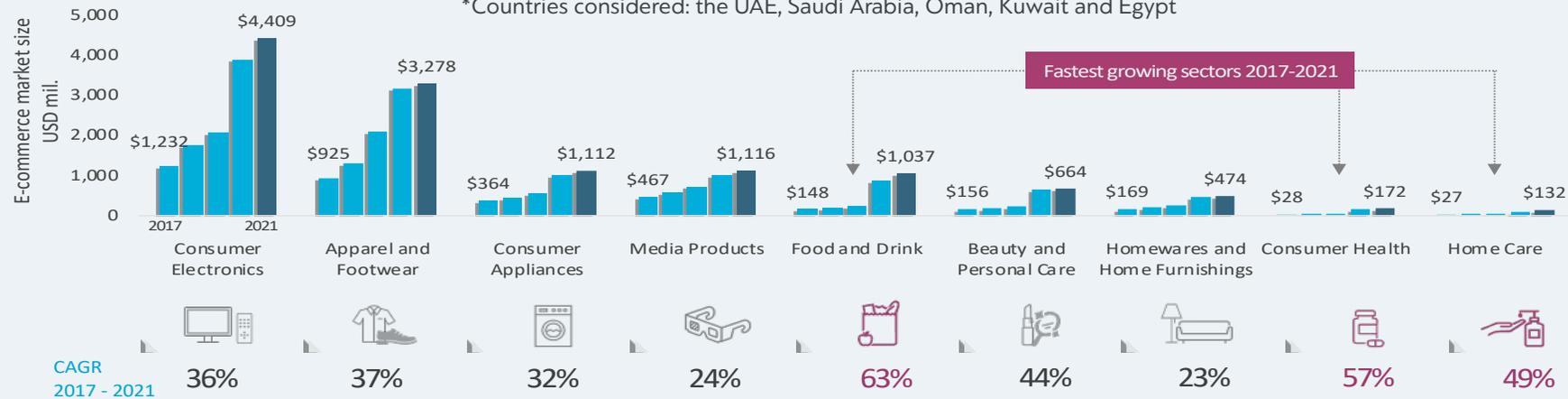
Industry Performance



E-commerce Market Size By Industry In MENA

E-commerce Market Size by Industry in selected MENA* countries, 2017-2021

*Countries considered: the UAE, Saudi Arabia, Oman, Kuwait and Egypt



- Although sales were already growing noticeably before COVID-19, restrictions and curfews forced most retailers looking to reduce losses to switch to e-commerce.
- Retailers that did not have an e-commerce platform in place quickly adjusted their websites for e-commerce orders and delivered via food delivery apps that adjusted to 'delivery anything.' This allowed e-commerce to see a massive increase in value sales.

E-commerce Market Size By Industry In The UAE

E-commerce Market Size by Industry in the UAE, 2017-2021



- COVID-19 kept the ongoing shift from physical to digital during 2021, with basic human interaction increasingly virtualised. Friends and family increasingly communicated via text, voice and video using messaging services, like WhatsApp or video conferencing apps like Zoom.
- Work, education and healthcare also migrated to the virtual world during the past 2 years. Telehealth became commonplace for accessing healthcare, while restaurants sought creative avenues to offer new products and maintain customer relationships.

E-commerce Market Size Insight Industry In The UAE



Homewares and Home Furnishing

E commerce Market size
2021: USD 59 million
CAGR 2017-2021: 57%

Non-perishable foods saw the greatest increase in demand, which lead to a rise in demand for food storage spaces in the home. While non-essential retail outlets closed for an extended period during the spring lockdown, online purchases for homeware increased noticeably (+27% y-o-y in 2021). Amazon launched a subscription and discount delivery service in 2020 to allow for automatic delivery services in the UAE.



Apparel and Footwear

E commerce Market size
2021: USD 1.4 billion
CAGR 2021-2025: 27%

While apparel brands had already started expanding their range online, it has become even more vital for companies to make use of online platforms. Third party e-commerce brands such as Namshi, Amazon. ae and Noon.com, as well as brand websites such as Mango, Zara, and H&M, benefited from sales for apparel and footwear during the temporary store closures by still having sales coming through online channels.



Food & Beverages

E commerce Market size
2021: USD 540 million
CAGR 2021-2025: 60%

Food and beverages had up until the COVID-19 pandemic seen low online penetration since the UAE had a robust consumer foodservice industry associated with a culture of eating out and socialising. The pandemic saw strong development of delivery couriers on mopeds, and combined with low fuel costs, created a climate where food and drink e-commerce exploded. Online sales grew by double digits (25%) from 2020 to USD540 million in 2021.



Consumer Health

E commerce Market size
2021: USD 30 million
CAGR 2021-2025: 16%

While e-commerce growth will be lower in 2021, in value terms market size will remain above pre-pandemic levels in 2021 (USD 30 million in 2021 compared to USD 25 million in 2019), facilitated by increased digitalization, offering convenient home delivery services, a wider range of products and competitive prices. More players are entering the market in response to consumers' heightened appetite for immune-boosting and wellness products.



Consumer Appliances

E commerce Market size
2021: USD 145 million
CAGR 2021-2025: 29%

Many consumers are wary of visiting physical retailers, using e-commerce as a safer form of retail. In response to the increased demand for online sales, vendors and electronics and appliance specialist stores improved their delivery services, expanding their teams and facilitating social distanced home delivery. Online sales grew by 17% in 2021 compared to 2020, reaching USD 145 million.

Consumer Lifestyle Trends In The UAE



53%

of UAE consumers

Prefer to spend money on experiences rather than things

31%

of UAE consumers

Are looking for personalised and tailored shopping experiences globally

34%

of UAE consumers

Shop online weekly

Over the last decade, digital development in the Middle East and North Africa has given way to a more complicated and fragmented retail landscape.

Retailers and consumer brands must explore new ways of engaging consumers, including social commerce or live selling. They must act quickly to launch or ramp up their digital operations as digital increasingly becomes the default channel for specific products.

E-commerce Outlook



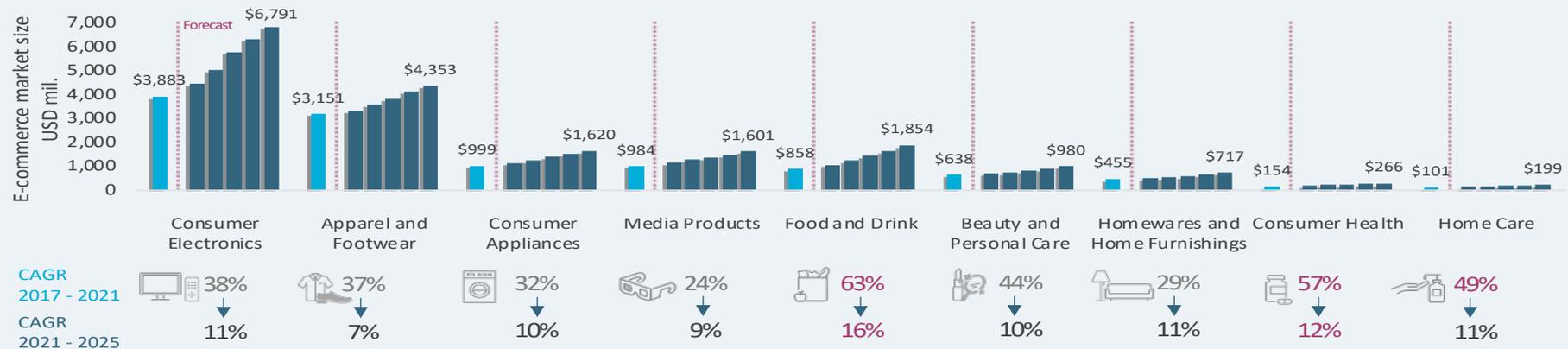
E-commerce Market Size Expected Growth



Total E-commerce Market Size by Region USD million

- The MENA is an active region for attracting local and international investment in e-commerce. With the current pace of developments and growing consumer preference for online retail, the region will see e-commerce growth of over USD 18 billion in absolute value terms over 2021-2025 reaching USD 49.9 billion in 2025.
- However, given most of the investment and consumer maturity is concentrated in developed markets, Israel and the United Arab Emirates will account for the highest levels of absolute growth. With a larger share of underdeveloped and fragmented countries, e-commerce penetration in the region will continue to increase, reaching 8% by 2025, up from 5% in 2020.

E-commerce Market Size Expected Growth by industry



E-commerce Market Size by Industry in selected MENA* countries, 2020-2025

- Categories that benefited from COVID-19, such as consumer health, homecare, homewares, food and drinks and media products will continue to see strong growth.
- F&B e-commerce was able to breakthrough its penetration into wider shopper segments and is expected to see sustained behavior of online food ordering given consumers' desire for convenience, combined with active investment by grocery retailers in digitalisation.
- Consumer electronics will be supported by continued demand for smartphones in emerging markets as access to digital services becomes mainstream, demand for sophisticated electronic products, such as home entertainment, imaging devices and wearable electronics.
- Apparel and footwear, a growing number of specialist marketplaces and high volume of cross-border e-commerce, will be key drivers for the category.

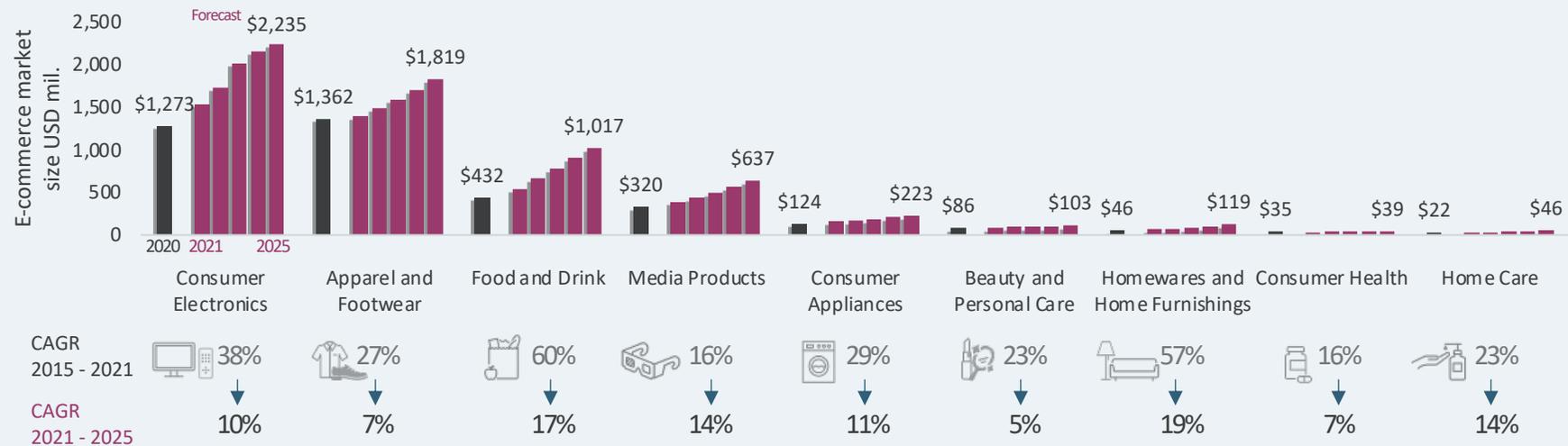
Note: *MENA for sub-category analysis includes only the UAE, Saudi Arabia, Oman, Kuwait and Egypt

Historic data: current prices, y-o-y exchange rate; Forecast: constant prices, fixed exchange rate

Note: *MENA includes Algeria, Egypt, Iran, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, KSA, Tunisia, and the UAE

E-commerce Market size Expected Growth by Industry in the UAE

E-commerce Market Size by Industry in the UAE, 2020-2025



- With everyday activities rapidly shifting online, e-commerce players sought to expand into new service areas, particularly where they complemented existing offerings.
- Having a physical retail presence has been a key in the UAE for brands, especially for luxury fashion brands, but, increasingly, digital platforms are being used to fulfil orders.
- Residents in the United Arab Emirates will continue to upgrade their electronics according to necessity, following the replacement cycle. The rising number of new residents will support sales of in-home consumer electronics, whilst residents in the country will continue to invest in their lifestyles with new technology.

E-commerce Market size Expected Growth by Industry in the UAE



Largest-Industry Overview



1,520 USD MN
Consumer Electronics E-commerce



1,391 USD MN
Apparel and Footwear E-commerce



540 USD MN
Food & Beverages E-commerce



Fastest-growing industries



19.4% CAGR 2021-25
Homewares & Home Furnishing



17.1% CAGR 2021-25
Food and Drink



14.1% CAGR 2021-25
Media Products



Outlook overall for ecommerce

Total E-commerce Market Size In the UAE
(USD Million)



12% CAGR 2021-25
Growth in e-commerce Market Size In UAE

Future Industry Growth Drivers

Telecommunications Infrastructure



Telecommunications infrastructure will continue growing favouring faster internet speeds and better experiences with activities such as gaming, streaming and new innovative apps and services.



Favourable Demographics

Young populations will also support latest e-commerce trends such as social commerce, marketing through social media and innovative ways to interact with customers.

Income and Possession of Devices



The adoption of digital devices will rise due to increasing levels of disposable income in selected countries rising mobile penetration across the region.



Banking / Financial Penetration

Payment methods have shifted, especially in countries where banking penetration is high, even though, a large segment of the population still uses cash for everyday transaction.

E-commerce, Fintech and Regulations



Countries in the Middle East and North Africa are also improving their regulatory framework pertaining to payments, logistics, telecommunications, e-commerce and consumer protection to favour fast digital adoption in the coming years.



Brick and Mortar Retailers' Maturity

There is also a great opportunity for countries in which the off-line retailing is not mature yet, similar to what happened in China, regions which are underdeveloped in terms of physical retailers can make a jump towards e-commerce.

E-commerce



Research Background & Methodology



Report Objective:

The report aims to uncover key market opportunities, sub-category performance, success factors and competitor analysis in the e-commerce industry, emphasizing the UAE, with comparisons to the broader MENA region, China, Turkey and India.

As well to inspire and drive international and regional eCommerce players to benefit from the high-growth eCommerce opportunity in the region and expected developments over the next years.

The key geographies and channels the report will cover are:



Geographies

MENA

- UAE
- Algeria
- Egypt
- Iran
- Israel
- Jordan
- Kuwait
- Lebanon
- Morocco
- Oman
- Qatar
- KSA
- Tunisia

Other

- China
- India
- Turkey



Channels

- Apparel and Footwear
- Beauty and Personal Care
- Consumer Appliances
- Consumer Electronics
- Consumer Health
- Home Care
- Homewares and Home Furnishings
- Media Products
- Food and Drinks



Key Data Points

- Total e-commerce market size and growth
- Sub-category e-commerce market size and growth
- Historic: 2017-2020; current prices, y-o-y exchange rate;
- Forecast: 2021-2025: constant prices, fixed exchange rate (2021 considered an estimate)
- RSP: Retail selling price, inclusive of tax

Research Methodology

This report applies both qualitative and quantitative methods on the primary and secondary research:

Internal Alignment

Initial Alignment

- Alignment on the research objectives, scope and research structure.
- Production of research brief and data template.

Euromonitor Passport

Euromonitor Syndicated Team

- Passport data base: updated bi-annually for selected countries.
- Research experts regularly conduct primary research, including interviews with players in the industry to capture market trends, consumer preferences and innovations.
- EMI surveys: Lifestyle survey and Digital consumer surveys to further understanding of the digital consumer, conducted annually, including in the UAE.

Consulting Research

Secondary Research

- Desk research across several platforms to further analyse the e-commerce market in the MENA region and beyond, including company websites, national statistics, trade press and financial reports, among others.

Expert Interviews

- Interviews with our expert analysts in the region to understand relevant trends in the e-commerce market.

Analysis and Review

Analysis

- Cross-country analysis of the e-commerce market, common trends and noticeable differences.
- Quality control and validation done through collaborations with syndicated expert teams.

Final Reporting

Final Delivery Production

- Final data delivery and review
- Report production on the e-commerce sector, including cross-country comparisons, with a focus on the UAE.

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