



# Middle East 2021

Ecommerce Region Report

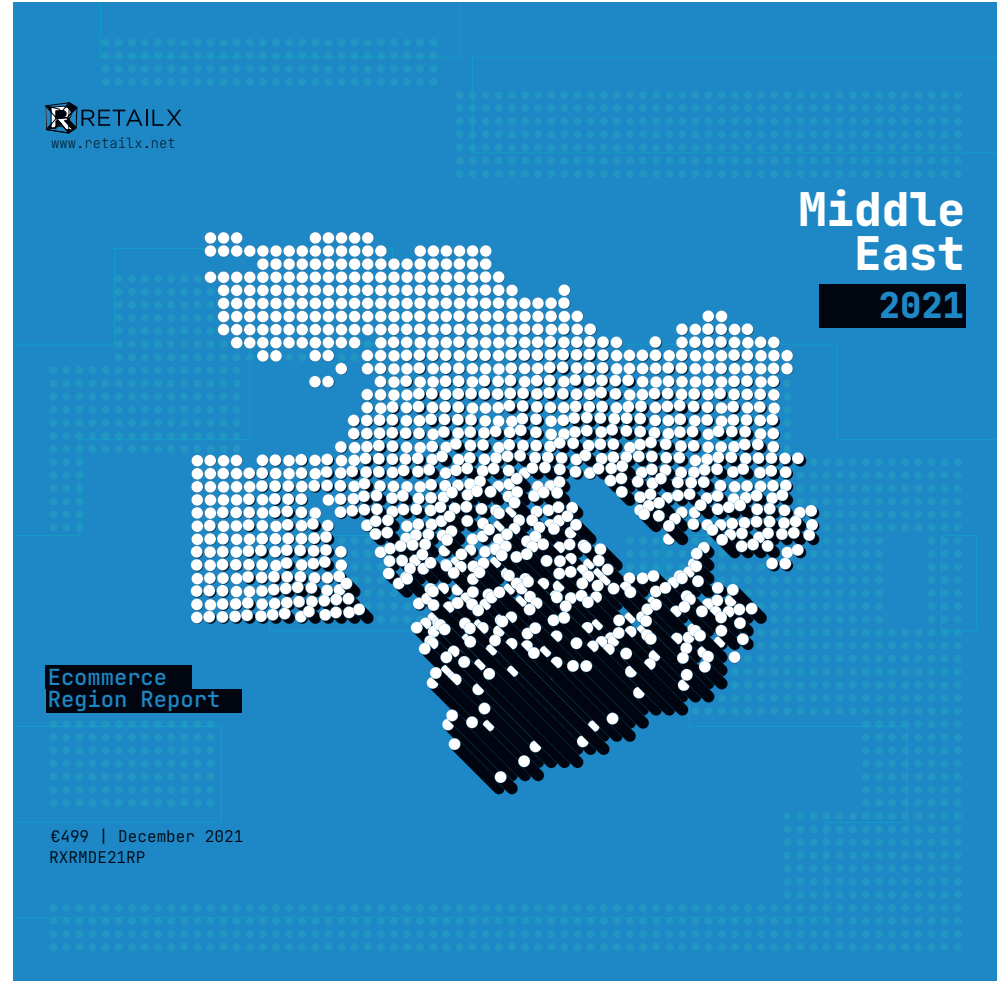
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# Introduction



Welcome to the Middle East Region Report, which analyses the economies of Iran, Israel, Qatar, Saudi Arabia, Turkey and the United Arab Emirates from an ecommerce and multichannel retail perspective.

**The Middle East represents the next growth frontier for ecommerce.** Across many countries in the region, affluent consumers who as yet use relatively little of their spending power online are turning to ecommerce. As in so many other regions, the Covid-19 pandemic has accelerated changes in consumer behaviour that were already there in the numbers.

The region has a blend of high-growth startups, companies that have adapted global digital models to the region; and homegrown franchise and property-based models that blend retail, socialising and leisure in a distinctive fashion. **A particular challenge ahead in many territories will be not just to persuade consumers to continue to shop online when the pandemic is over, but to create new kinds of omnichannel retail offerings** that reflect local conditions. This is because, in many countries, malls are also important spots for socialising.

**A characteristic of the region is a combination of confidence, capital and ambition.** As rich states look to a post-oil future, they are investing in retail, infrastructure and brands. A recent academic report, published in the journal *Nature Energy*, recently warned of a potential fossil fuel asset crash ahead as countries transition to net zero, which only underlines the urgency of Middle Eastern states using energy wealth to diversify their economies.

The good news here is that many countries in the region have huge capital reserves to help them do this. **Major shifts in demographics, sources of wealth creation, climate and culture mean this will be a vibrant and rapidly changing region in the year ahead.**

The region is clearly not homogeneous, and when tempted to make generalised statements about the Middle East, it is advisable to keep this in mind. However, we can assert the following: because of a combination of digital tech, socio-demographic change and ambitious best practice, **countries and companies in the region are driving change at what seems to be double-speed.**

As ever, we welcome your feedback and comments.

**Ian Jindal, CEO, RetailIX**

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# Middle East

A region of contrasts, but one with huge potential for growth in the years ahead

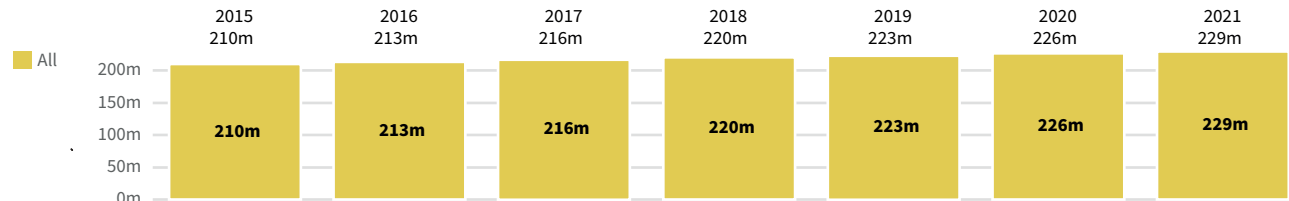
Currently in the middle of making the shift from bricks-and-mortar retail to a multichannel model, **the Middle East is a region where ecommerce is beginning to gain a real foothold.** However, the region's potential is, to say the least, unevenly distributed. Looking for a moment beyond the countries we focus on in this report, Syria has been the scene of a brutal civil war from which it has yet to recover.

Even among those countries we have surveyed, there are huge contrasts. Israel is a liberal democracy and an advanced economy. Its near-neighbour Iran could be described as an authoritarian theocracy. Sadly, the ongoing antagonism between these two nations is hardly unusual in a region of multiple flashpoints.

Nevertheless, **the region is attractive to international investors, including those involved in ecommerce.** This is because energy revenues have created a market of comparatively wealthy consumers, including expats, who are often happy to shop with international retailers.

Richer countries have invested oil and gas revenues in their infrastructures, including their digital infrastructures. In Qatar, Saudi Arabia and the United Arab Emirates, 99%

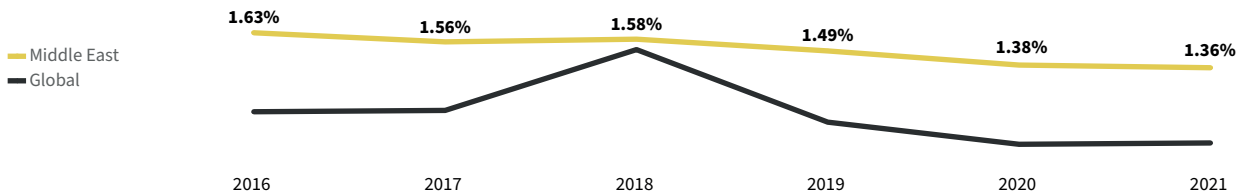
## Total population



Source: RetailX, drawing on data from International Monetary Fund, World Bank

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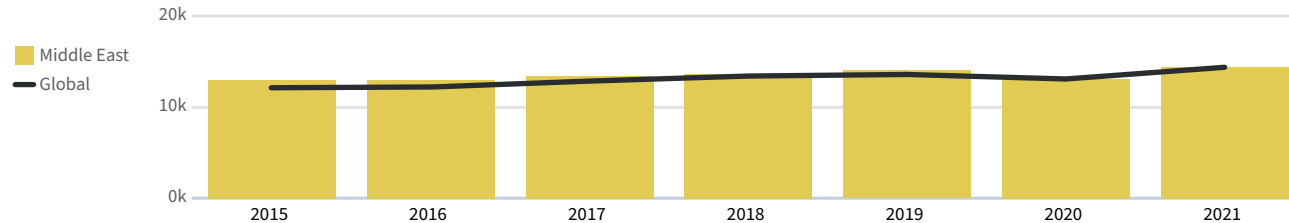
## Population growth



Source: RetailX, drawing on data from International Monetary Fund, World Bank

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund, World Bank

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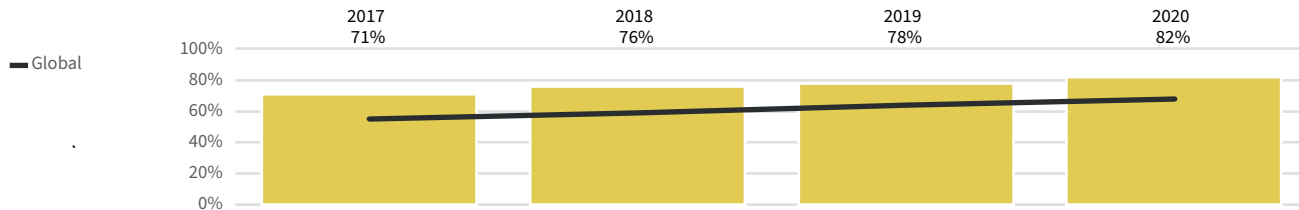
of the population is online. **Many consumers in these countries are as yet reluctant to buy goods and services online but that's changing** – a change hastened, as elsewhere in the world, by the Covid-19 pandemic.

Not all nations in the Middle East have such bountiful energy reserves as this trio, yet ecommerce is still making ground elsewhere. **In Turkey, 80% of the overall population is online**, yet that figure is likely far higher in the capital Istanbul, where more than 97% of households have internet access.<sup>[1]</sup> There's even anecdotal evidence that Iran's lack of contact with the wider world may be helping local ecommerce to grow, slowly but organically.

The six countries we look at in detail in this report – Iran, Israel, Qatar, Saudi Arabia, Turkey and the United Arab Emirates – have been selected because they show the region's similarities and its contrasts.

[1] [https://data.tuik.gov.tr/Bulten/Index?p=Survey-on-Information-and-Communication-Technology-\(ICT\)-Usage-in-Households-and-by-Individuals-2021-37437&dil=2](https://data.tuik.gov.tr/Bulten/Index?p=Survey-on-Information-and-Communication-Technology-(ICT)-Usage-in-Households-and-by-Individuals-2021-37437&dil=2)

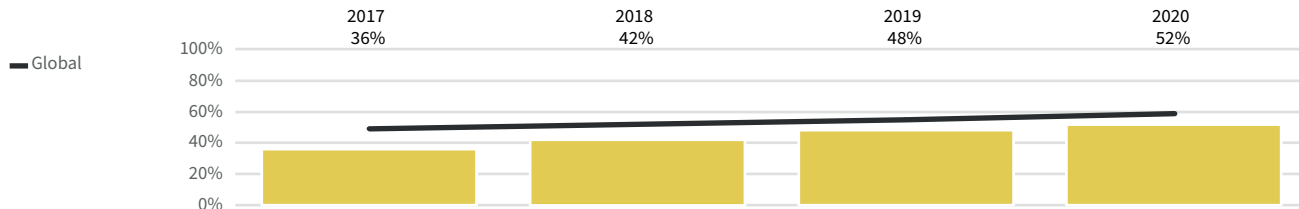
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

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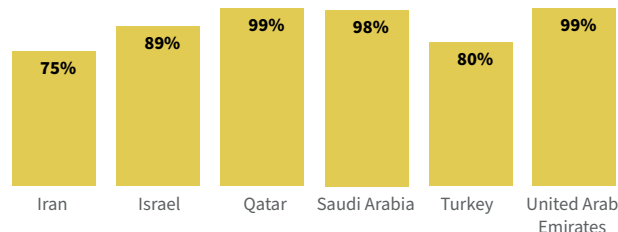
### Percentage of internet users who shop online



Source: RetailX, drawing on data from World Bank, Statista

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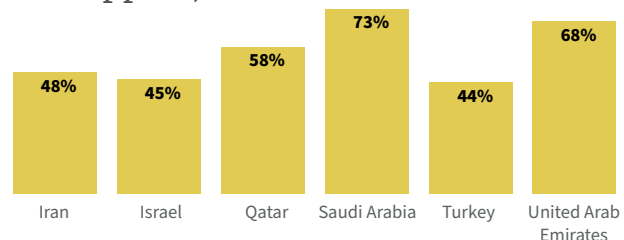
### Internet users, 2020



RetailX, drawing on data from World Bank, Statista

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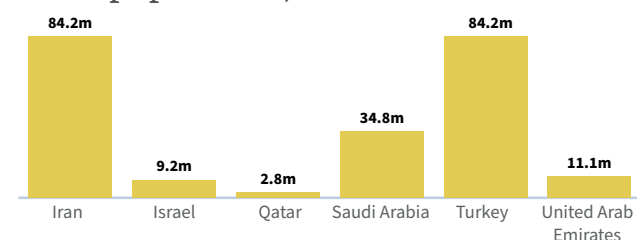
### E-shoppers, 2020



RetailX, drawing on data from World Bank, Statista

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### Total population, 2020



RetailX, drawing on data from International Monetary Fund

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# Market overview: International indices

The level of development of different economies is shown in several international indices, which we track as part of RetailX research. These are:

- **Logistics Performance Index:** The World Bank's "interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics".<sup>[1]</sup>

- **Ease of Doing Business:** "The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level."<sup>[2]</sup>

- **E-Government Development Index:** "Along with an assessment of the website development patterns in a country, the E-Government Development index incorporates the access characteristics, such as the infrastructure and educational levels, to reflect how a country is using information technologies to promote access and inclusion of its people."<sup>[3]</sup>

**2IPD:** "The UPU's Integrated Index for Postal Development (2IPD) provides an overview of postal development around the globe... The computation of the 2IPD stems from the integration of UPU postal big data, official UPU statistics, and key UPU surveys."<sup>[4]</sup>

	LOGISTICS PERFORMANCE INDEX (2018) OUT OF 160	EASE OF DOING BUSINESS (2020) OUT OF 160	E-GOVERNMENT DEVELOPMENT INDEX (2020) OUT OF 190	THE UPU'S INTEGRATED INDEX FOR POSTAL DEVELOPMENT (2IPD) (2020) OUT OF 170	INTERNET INCLUSIVE INDEX (OUT OF 120)				
					AVAILABILITY (OUT OF 120)	AFFORDABILITY (OUT OF 120)	RELEVANCE (OUT OF 120)	READINESS (OUT OF 120)	OVERALL INTERNET INCLUSIVE INDEX (OUT OF 120)
MIDDLE EAST									
IRAN	64	127	89	48	58	63	34	41	57
ISRAEL	27	35	30	35	35	8	26	38	18
QATAR	30	77	66	65	18	58	50	1	35
SAUDI ARABIA	55	62	43	50	41	87	32	38	56
TURKEY	47	33	53	47	50	73	58	22	59
UAE	11	16	21	70	10	66	39	67	40

KEY: ■ Top quartile ■ Second quartile ■ Third quartile ■ Fourth quartile

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- **Internet Inclusive Index:** "Commissioned by Facebook and developed by The Economist Intelligence Unit, [this] seeks to measure the extent to which the Internet is not only accessible and affordable, but also relevant to all, allowing usage that enables positive social and economic outcomes at the individual and group level."<sup>[5]</sup>

As you might expect, **the performance of Middle Eastern countries in the indices reflects a regional picture of countries at different stages of development.** Overall, it is Israel that performs most strongly, ranking in the top quartile of most measures. This reflects the country's highly developed digital and real-world infrastructures.

With other nations, the picture is more varied. **The United Arab Emirates, for example, is classed as the 16th-best country in the world for ease of doing business.** This

reflects the UAE's efforts to encourage inward investment as a way to diversify its economy. The need to do this will only grow as the world enters a post-carbon era. However, it ranks 70th in the UPU's index of postal development.

Iran is classed in the fourth quartile for ease of doing business, although it's worth noting that globally this sees it placed around the same level as major South American economies. Perhaps more revealing is the country's consistent placement elsewhere in the second quartile of these indices, suggesting **Iran is a country that's more developed than many outsiders imagine.**

[1] <https://lpi.worldbank.org>

[2] [www.doingbusiness.org/en/doingbusiness](http://www.doingbusiness.org/en/doingbusiness)

[3] <https://publicadministration.un.org/egovkb/en-us/About/Overview/-E-Government-Development-Index>

[4] [www.upu.int/en/Universal-Postal-Union/Activities/Research-Publications/Integrated-Index-for-Postal-Development-\(2IPD\)](http://www.upu.int/en/Universal-Postal-Union/Activities/Research-Publications/Integrated-Index-for-Postal-Development-(2IPD))

[5] <https://theinclusiveinternet.eiu.com>

# Opportunities and pitfalls

We consider some of the variables that retailers and retail brands should take into account when deciding whether to expand in the Middle East

The Middle East is, as we have already noted, a region of huge contrasts in terms of different countries' cultures, levels of development, attitudes to the wider world and wealth. For retailers and retail brands taking their first steps into the Middle East, this variety can in itself be daunting.

Despite this, **many international retailers and brands already have an established presence in different territories in the region** and it's straightforward enough to see why when you focus in on specific markets (as we do in this report). With notable exceptions where countries

have hostile regimes or deep-seated problems that may yet take decades to resolve, there are many territories that are hugely attractive to companies looking either to establish an in-country presence or to sell in via cross-border ecommerce.

It's instructive here to look at the United Arab Emirates. After Saudi Arabia, **the UAE has the second-largest economy among the Gulf Cooperation Council (GCC) states**, a reflection of its energy wealth. The government has long invested proceeds from the sale of oil and gas



Dubai has grown to become one of the Middle East's most important tourism destinations and business hubs

in diversifying its economy. While you might query the success of some of the government's initiatives, the country has been transformed.

In 1975, the population was around 550,000. In 2021, it is predicted to reach 11m, predominantly expatriates. Over these same years, and especially in the 21st century, **Dubai has grown to become a global city, a tourist hub and financial centre with a downtown dominated by skyscrapers**, including the tallest building in the world, the Burj Khalifa.

This is a country that is attractive to the ecommerce sector both because of its wealth and because of its relative openness to foreign investment. In addition, the government has invested heavily in the digital sector, with 99% of the population online.

The UAE is also a country with its own dedicated Amazon site, amazon.ae, launched in 2019.<sup>[1]</sup> This was partly a rebranding exercise. **In March 2017, Amazon.com paid \$580m to acquire Souq.com**, which had launched in 2005 in Dubai and grown to become the largest ecommerce platform in the Arab world.

Amazon's strategy here is clear: buying a local company to gain a presence in one of the most lucrative markets in the Middle East. It helps that the Amazon name is reassuring to expatriate workers living and working in the UAE because of its international recognition factor, making the country an obvious contender for an in-country site.

The screenshot shows the Amazon.ae homepage. At the top, there's a navigation bar with the Amazon.ae logo, a search bar, and links for account and orders. Below the navigation bar, there's a main banner for 'Your favourite home services now on Amazon' with a search bar for 'House cleaning' and the 'amazon home services' logo. The main content area features several promotional tiles: 'Up to 30% off Home & Personal care' with sub-categories like Laundry & detergent, Cleaning supplies, Personal care, and Nutrition & supplements; 'Save up to 20% on laptops' with sub-categories like All laptops, 2 in 1, Gaming, and Tablets; 'Up to 30% off Style your home' with sub-categories like Bedsheets, Pillows & cushions, Home decor, and Lighting; and 'Super Saver Week Offers' with a 10% off promotion. There's also a 'FASHION LOOK YOUR BEST' banner at the bottom right.

In May 2019, Souq.com UAE was rebranded as Amazon.ae

Few businesses operate at the sheer scale of Amazon, but its approach is nevertheless instructive. Having identified the UAE as a priority, it spent time and money establishing its presence. As a result of the deal, **it was also able to rebrand the Souq presence in Saudi Arabia and Egypt**, both countries with huge growth potential that now have their own Amazon sites.

Yet **the decision to establish a presence in a new territory can be driven by considerations other than the opportunity to generate revenue**. Two of the countries that we feature in this report, Israel and Turkey, are clearly very different, yet they share a specific reason for being attractive to ecommerce companies: both are centres for technological innovation.

In the case of Israel, as well as nurturing its cybersecurity sector, it has been hugely successful at attracting inward investment, with major digital players such as Microsoft, Google, Facebook and Apple all having an R&D presence. Turning to Turkey, while there is certainly an international presence, perhaps more interesting is the strong startup culture in Istanbul. Here is a market that's big enough to be worth targeting – and where there is also the chance to



Istanbul is a regional centre for digital innovation

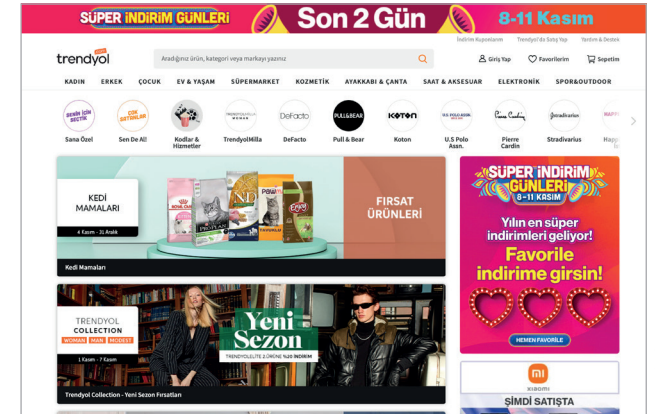
see at first hand and invest in new digital approaches and techniques when they are at a nascent stage.

In this context, it's worth emphasising the digital truism that **emerging markets often have much to tell us about how ecommerce will develop in the years ahead.** That's at least in part because they have less of a technological overhang so that, for example, many emerging markets have always been mobile-first in ecommerce terms.

For those retailers and brands still hesitant about focusing in specific markets – and this is increasingly true around the world – **marketplaces offer a way to launch in the region.** Different countries have their own local marketplaces and, for many companies looking to expand, taking this route is a comparatively low-cost way to gain insights and conduct research.

We should also add that **it pays to look at local regulations around doing business.** While many Middle Eastern nations are opening up to the wider world, many have business cultures rooted in the idea of incomers partnering with locally owned companies

Finally, we would suggest that retailers and brands do not overlook the effects of the continuing Covid-19 pandemic. Even in the wealthy UAE, just 39.5% of the population was fully vaccinated in early November 2021, as against 68.1% in the United Kingdom.<sup>[2]</sup> The pandemic is not yet over, and any decisions on international expansion should take this into account, especially as evidence is beginning to emerge



Trendyol is one of Turkey's biggest marketplaces

that, **while the pandemic has led to a surge in digital commerce, bricks-and-mortar retail is recovering unevenly around the world.** Always drill down into the figures before assuming that a Covid-powered spike in ecommerce will endure, especially in those Middle Eastern territories where malls double as social spaces.

[1] [www.aboutamazon.eu/press-release/souq-becomes-amazon-ae-in-the-uae](http://www.aboutamazon.eu/press-release/souq-becomes-amazon-ae-in-the-uae)

[2] [https://ourworldindata.org/covid-vaccinations?country=OWID\\_WRL](https://ourworldindata.org/covid-vaccinations?country=OWID_WRL)



# THE FREEDOM TO DO MORE

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Amplience's CMS, DAM and Digital Experience Management platform helps more than 350 of the world's leading retail brands to manage in content, not code.



## Expert insight

## Ijaz Bhattee



As Ampliance Director for the Middle East, Ijaz helps retailers deliver compelling customer experiences using the company's headless experience management platform. Ijaz enjoys engaging with clients to understand their commerce and content challenges – and then working together with clients to build real, sustainable solutions that give them freedom to do more with their customer experiences

#### Where, from your perspective, are the biggest opportunities in the Middle East?

More and more ecommerce brands and businesses in the Middle East are recognising and embracing that content and digital experiences are a fast track to converting customers and driving revenue. This comes to life when done at scale, freeing up teams to be more targeted and personalised in their approaches, whether by segment, region, device or purchasing history. Being able to deliver the optimal experience for that customer journey is

key, and the online offer suddenly becomes much more compelling. Now, more than ever, the need to focus on online conversion to spread business risk is critical.

#### What have been the most interesting recent developments in the region?

It's a really exciting time in the region as more brands are shifting their investment online. As the customer appetite for more compelling experiences continues to grow, the need for experiences to be the best they can be, and for businesses to move with pace to create these experiences, becomes ever more important. Which means platforms like Ampliance, which facilitate agile commerce experience management, will continue to grow in importance. We are seeing a focus on more effective budget allocations for commerce experience projects that will drive online sales, mitigate against retail risks and increase market share.

#### Do you see the Middle East ecommerce market aligning more closely with those in America and Europe?

We will continue to see alignment with the experience management and overall digital experience offers across the markets. This will only increase as high-value customer experiences continue to be more productively and effectively delivered with the further adoption of modern approaches. The difference in the Middle East is that retailers have a lower business dependency on legacy monolith platforms so are uniquely positioned to benefit from the rapid adoption of modern MACH (Micro-Services, API-first, Cloud-Native and Headless) solutions.

#### How do you see the Middle East ecommerce market developing in 2022 and beyond?

We will see larger investment plans being executed across the market, with a much greater focus on brands delivering compelling experiences for customers online. The reliance on in-store and in-mall experiences previously will shift to a more integrated omnichannel approach.

#### What are the key factors to bear in mind when expanding into new territories?

Each new territory presents an opportunity to really drill into tailoring the whole story and experience to the customers specific to that market. This can come to life across many different areas, including language, media, promotions, within the site navigation, and even down to differences in product selection available and offers.



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# Iran

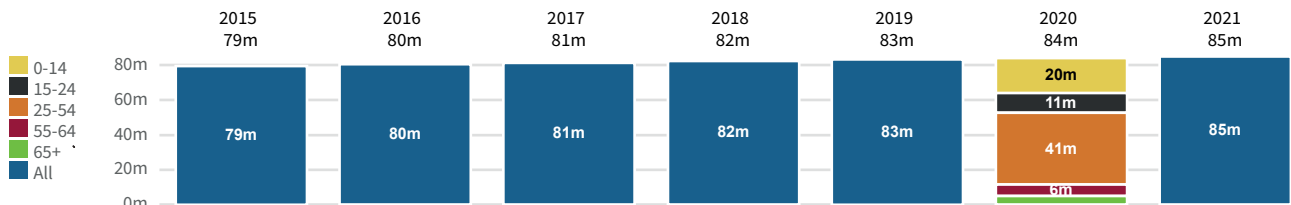
Despite huge potential and vast underlying wealth, Iran's place in the world is constantly being defined by its theocratic leaders

Tracing its story back to the Elamite kingdoms of the fourth millennium BC, **Iran has one of the world's oldest civilisations**. It is the second-largest country in the Middle East, bordered by Armenia, Azerbaijan, Turkmenistan, Afghanistan, Pakistan, Turkey and Iraq. It has direct access to the Caspian Sea, the Persian Gulf and the Gulf of Oman. The population of metropolitan Tehran, its capital, is 15m.

Despite the country's rich history and its regional importance, many outsiders know little about Iran. This is

<b>Iran</b>	
<b>Area:</b> 1,648 km <sup>2</sup>	
<b>Capital:</b> Tehran	
<b>Currency:</b> Iranian rial (IRR)	
<b>Official language:</b> Persian	
<b>Other languages spoken:</b> Azerbaijani & other Turkic dialects, Kurdish	
<b>Nationality:</b> Iranian	
<b>Government:</b> Islamic republic	
<b>VAT:</b> 8%	

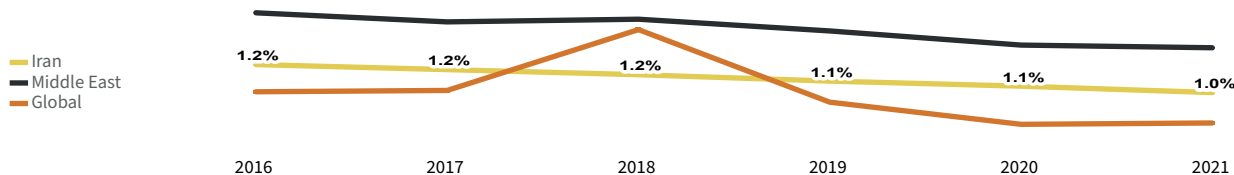
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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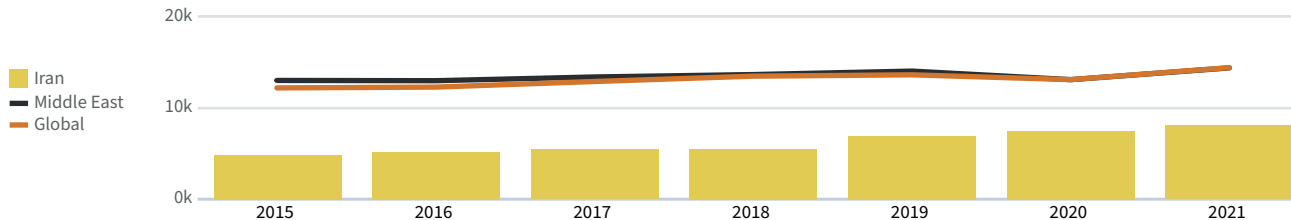
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

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at least in part because of the 1979 revolution, which saw the overthrow of the country's last Shah, the authoritarian Mohammad Reza Pahlavi. This resulted in the country being treated with huge suspicion by much of the rest of the world, especially the USA – “the Great Satan” in the estimation of Iran's theocrats.

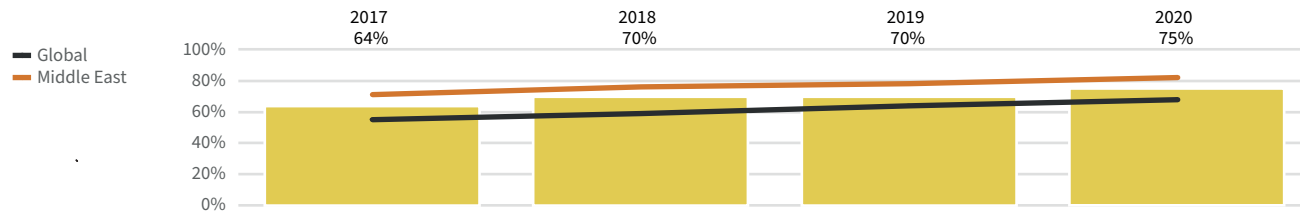
Iran's ongoing struggle with Saudi Arabia for influence in the Middle East – a struggle complicated by Iran being a leading Shia Muslim power while Saudi Arabia sees itself as the leading Sunni Muslim power<sup>[1]</sup> – has been dubbed ‘the Middle Eastern Cold War’<sup>[2]</sup>. Iran's nuclear ambitions are also an ongoing source of tension with the wider world<sup>[3]</sup>.

Classed as a mixed and transition economy, Iran has the world's fourth-largest proven crude oil reserves<sup>[4]</sup>. **It has a well-educated and young population and is relatively strong in science and technology.** Ongoing domestic protests are at least in part rooted in the gap between Iran's potential and its relatively poor economic performance<sup>[5]</sup>.

**The largest online marketplace is Digikala, which claims to attract more than 30m visitors per month**<sup>[6]</sup>, although the company does not publicise its revenue. Intriguingly, there is a thriving women's fashion sector online, in part rooted in the need to develop an internal fashion ecosystem due to Iran's comparative isolation.

In June 2021, Farhad Dejpas, Iran's finance and economic affairs minister, announced the share of ecommerce in the country's GDP had increased by 2.4 times. **Between March**

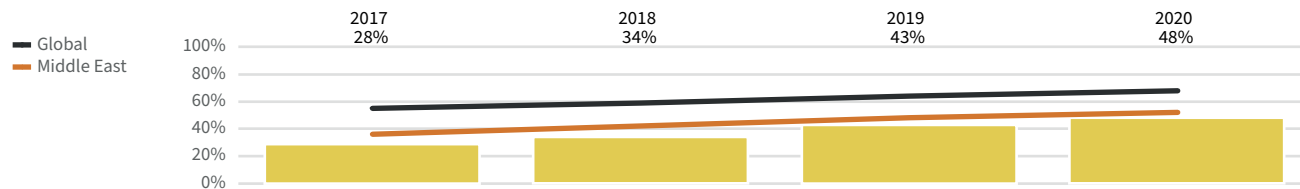
## Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

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## Percentage of internet users who shop online



Data for Middle East includes: Iran, Israel, Qatar, Saudi Arabia, Turkey, United Arab Emirates. Data for Global includes the countries in this report

Source: RetailX, drawing on data from World Bank, Statista

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**and September 2020, the number of new licences issued to online businesses tripled in comparison to the same period in 2019.**

Nevertheless, this remains at best a difficult market for outsiders for all kinds of reasons. In 2018, **Donald Trump's government imposed sanctions on Iran that have yet to be rolled back**, despite ultra-conservative president Ebrahim Raisi characterising them as “crimes

against humanity”. Covid-19 hit the country hard, with deaths to date estimated at more than 120,000<sup>[7]</sup>. Of 167 countries, authoritarian Iran ranks 152nd in The Economic Intelligence Unit's Democracy Index<sup>[8]</sup>.

[1] [www.bbc.co.uk/news/world-middle-east-16047709](http://www.bbc.co.uk/news/world-middle-east-16047709)  
 [2] [www.britannica.com/topic/20th-century-international-relations-2085155/The-Cold-War-in-the-Middle-East-and-Asia](http://www.britannica.com/topic/20th-century-international-relations-2085155/The-Cold-War-in-the-Middle-East-and-Asia)  
 [3] [www.theguardian.com/world/irans-nuclear-programme](http://www.theguardian.com/world/irans-nuclear-programme)  
 [4] [www.worldbank.org/en/country/iran/overview#1](http://www.worldbank.org/en/country/iran/overview#1)  
 [5] [www.bbc.co.uk/news/topics/c34k51rkynt/iran-protests](http://www.bbc.co.uk/news/topics/c34k51rkynt/iran-protests)  
 [6] <https://financialtribune.com/articles/sci-tech/109916/iran-e-commerce-trending-higher>  
 [7] [www.worldometers.info/coronavirus/country/iran/](http://www.worldometers.info/coronavirus/country/iran/)  
 [8] [www.eiu.com/n/campaigns/democracy-index-2020/](http://www.eiu.com/n/campaigns/democracy-index-2020/)

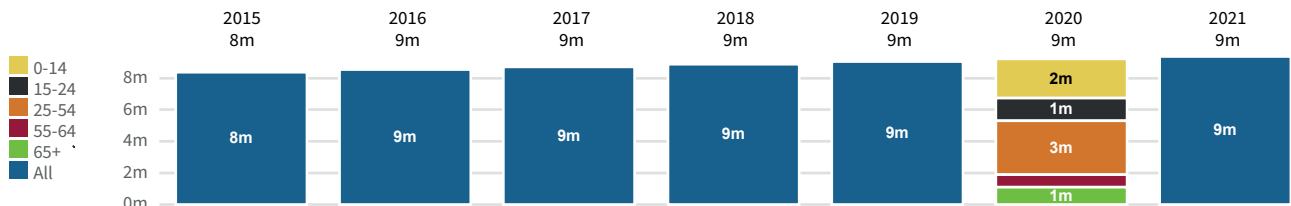
# Israel

One of the most developed nations in the Middle East, Israel is also a global hub for high-tech and digital tech companies

A developed free-market economy, Israel is ranked 35th in the World Bank's Ease of Doing Business index<sup>[1]</sup>. Major sectors include high-value industrial manufacturing and technology. **After the USA and China, Israel has the third-largest number of companies listed on the Nasdaq stock market.**

Its strength in digital technologies is reflected in the number of international companies that have opened research and development facilities in the country, including Intel, Microsoft, Apple, IBM, Google, Facebook

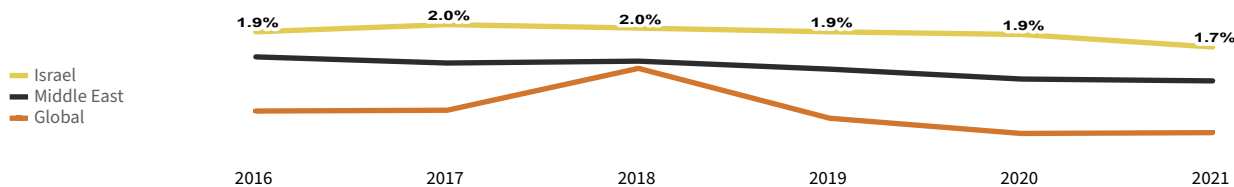
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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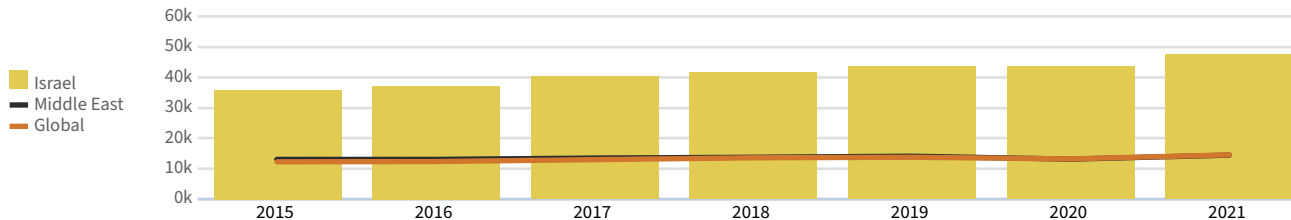
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

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**Israel**

**Area:** 22,072 km<sup>2</sup>

**Capital:** Jerusalem

**Currency:** New shekel (ILS)

**Official language:** Hebrew

**Other languages spoken:** Arabic

**Nationality:** Israeli

**Government:** Unitary parliamentary republic

**VAT:** 17% | **Reduced VAT:** 7.5%

and Cisco Systems. **Israel has a particularly strong cybersecurity sector.** In the first half of 2021, according to the Israel National Cyber Directorate, the country's cybersecurity companies raised \$3.4bn in 50 deals<sup>[2]</sup>, with seven of these businesses becoming unicorns, or private companies valued at more than \$1bn.

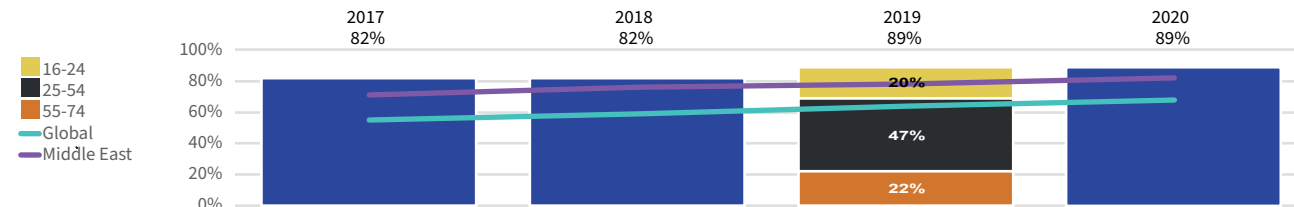
In recent years, the B2C ecommerce market has been growing. It is estimated this will be worth \$6.5bn in 2021<sup>[3]</sup>, in part a reflection of the country's high GDP per capita, which is projected to exceed US\$47k in 2021. **Fashion is the largest sector in the market, with a projected market volume of US\$1.9bn in 2021.**

**The biggest company in the market in 2020 was amazon.com**, with revenues of \$195m<sup>[4]</sup>. Other popular ecommerce sites include the Chinese fast-fashion firm shein.com and ksp.co.il, an Israeli multi-category retailer.

In July 2018, the Israeli parliament passed legislation that characterised the country as primarily a "Nation State of the Jewish People"<sup>[5]</sup>. Hebrew became the country's official language. It has a long history of tension and conflict with its neighbours. The Israeli-Palestinian conflict, which has now gone on for more than half a century, seems far from ever being resolved.

[1] www.doingbusiness.org/en/rankings  
 [2] www.timesofisrael.com/israel-cybersecurity-firms-raise-record-3-4b-41-of-global-sector-investment/  
 [3] www.statista.com/outlook/dimo/ecommerce/israel  
 [4] https://ecommercedb.com/en/markets/il/all  
 [5] www.bbc.co.uk/news/world-middle-east-44881554

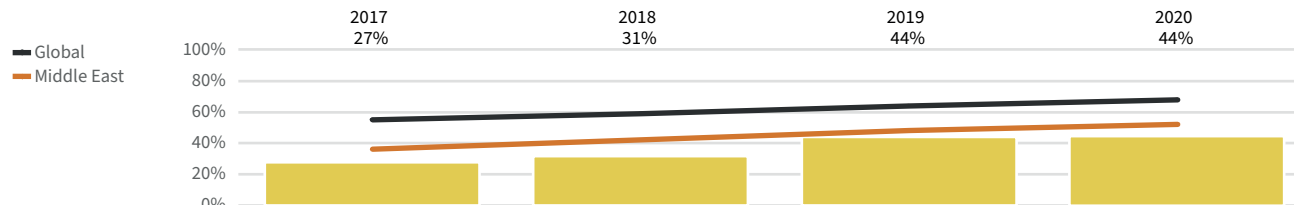
### Percentage of internet users



Source: RetailX, drawing on data from Statista

© RetailX 2021

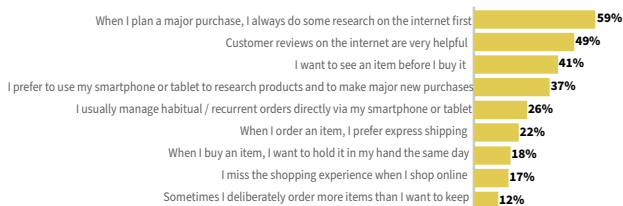
### Percentage of internet users who shop online



Data for Middle East includes: Iran, Israel, Qatar, Saudi Arabia, Turkey, United Arab Emirates. Data for Global includes the countries in this report  
 Source: RetailX, drawing on data from Statista

© RetailX 2021

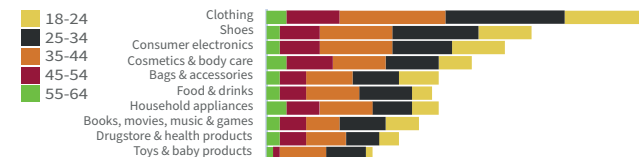
### Online shopping attitudes in Israel, 2020



Source: RetailX, drawing on data from EcommerceDB

© RetailX 2021

### Percentage of online shoppers in different age groups who purchased items in different categories, Israel, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey

© RetailX 2021

# Qatar

Having grown rich from the energy sector, Qatar is now showing tentative signs of becoming more liberal

The economy of Qatar is built on its petroleum and natural gas sector, which accounts for more than 60% of GDP. The country has the **world's third-largest proven natural gas reserve**<sup>[1]</sup> and, in 2020, had the fourth-highest GDP per capita PPP<sup>[2]</sup>. The World Bank classes Qatar as a high-income economy. There is no income tax in Qatar. This wealth has attracted outsiders and, in 2017, the **population of Qatar was 2.6m, of whom just 313,000 were Qatari citizens**<sup>[3]</sup>.

The ecommerce market in Qatar has grown steadily over recent years, yet this is a country where **super-regional malls are key to the retail infrastructure**. In 2020, in a

## Qatar

**Area:** 11,582 km<sup>2</sup>

**Capital:** Doha

**Currency:** Riyal (QAR)

**Official language:** Arabic

**Other languages spoken:** English

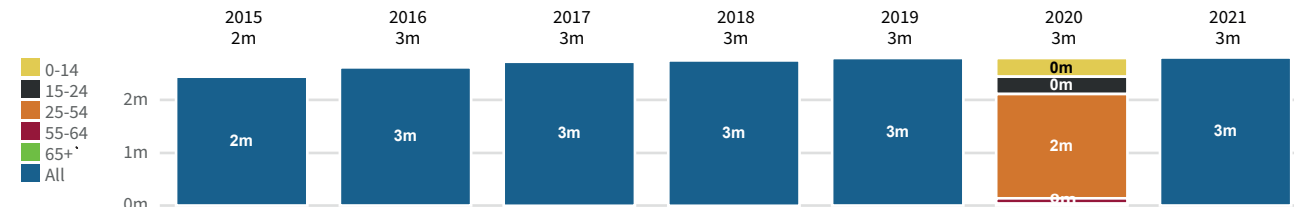
**Nationality:** Qatari

**Government:** Unitary constitutional monarchy

**VAT:** 0%



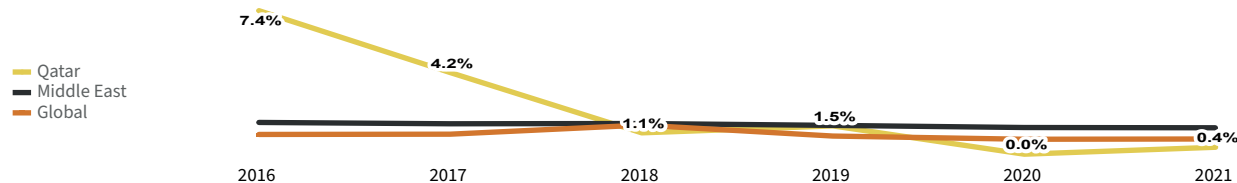
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

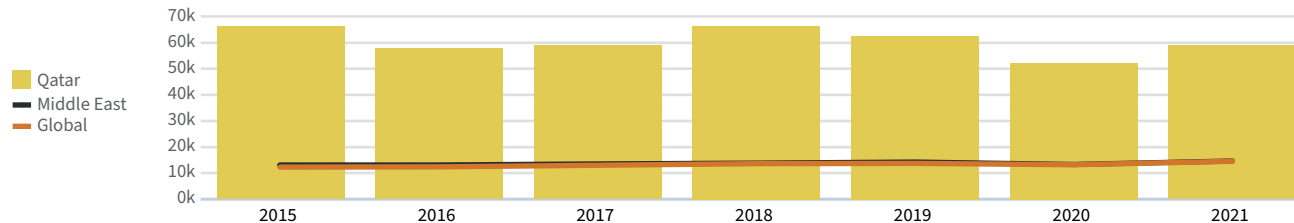
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

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## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

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country where **99% of the population is online**, 59% of the population used ecommerce.

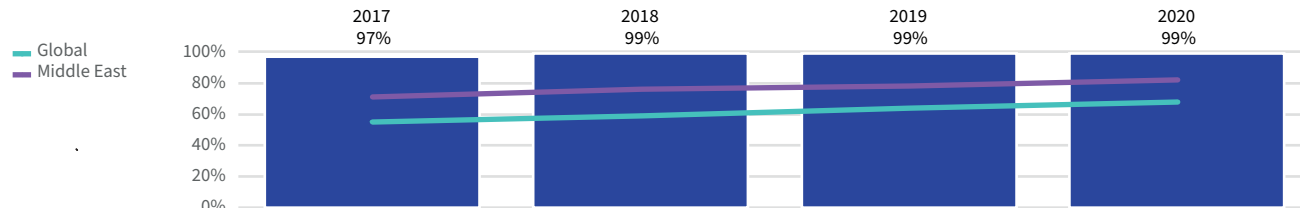
**In 2019, a government report noted, “Qatar’s domestic e-sales are lagging behind international averages.”** The same report emphasised a need to build consumer trust in order to build the sector domestically<sup>[4]</sup>. As in so many countries around the world, the pandemic led to a growth in online shopping. International brands such as Amazon and eBay attract heavy traffic from Qatar. Mzad Qatar is the largest local marketplace.

Historically, there has been a requirement for companies in the country to be 51% owned by Qatari nationals but in 2021, the Qatari Council of Ministers approved a draft law allowing foreign investors to own up to 100% of the capital of companies listed on the Doha Stock Exchange<sup>[5]</sup>.

While Sheik Tamim bin Hamad Al Thani has ruled Qatar as an absolute monarch since 2013, there are signs of change in the country. In 2003, a referendum was held, which approved the country becoming a constitutional monarchy with a legislative assembly. On 2 October 2021, after years of delays, Qatar finally held elections for this assembly. Since political parties are banned, candidates stood as independents and it is not expected that the elections will, for now at least, loosen the ruling family’s grip on power<sup>[6]</sup>.

Qatar has a **high international profile, built partly through its soft-power initiatives**. In 2022, it will become the first country in the Middle East to host the World Cup.

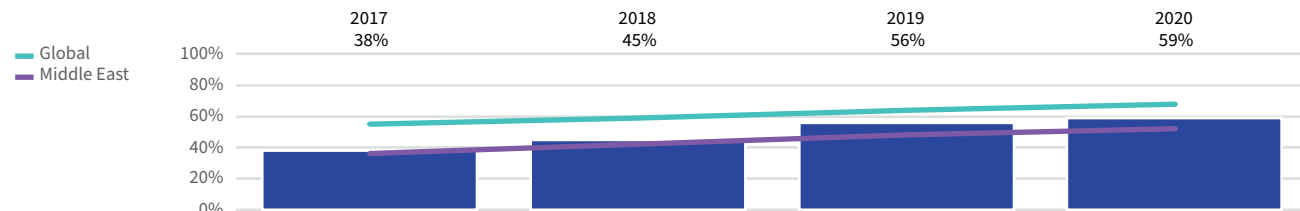
## Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

## Percentage of population shopping online



Data for Middle East includes: Iran, Israel, Qatar, Saudi Arabia, Turkey, United Arab Emirates. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from World Bank, Statista

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**The country is home to the Al Jazeera Media Network**, which receives state funding. The Qatar Investment Authority (QIA) is a sovereign wealth fund that has invested billions and controls Paris Saint-Germain FC.

Qatar has a pragmatic foreign policy based on the ‘open-door’ idea of maintaining ties to regional and international powers – and even to such groups as the Taliban. This approach hasn’t always worked. In 2017, a group of Arab

nations, including Saudi Arabia, the one country with which Qatar shares a land border, broke diplomatic ties, accusing Qatar of supporting extremist groups<sup>[7]</sup>. **Qatar’s human rights record has been widely criticised.**

[1] [www.cia.gov/the-world-factbook/countries/qatar/](http://www.cia.gov/the-world-factbook/countries/qatar/)  
 [2] [https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?most_recent_value_desc=true)  
 [3] <http://priyadsouza.com/population-of-qatar-by-nationality-in-2017/>  
 [4] [https://ecommerce.gov.qa/wp-content/uploads/2019/10/20191010\\_MoTC\\_Impact-Survey-Report\\_Online-Shoppers-Preferences\\_FINAL.pdf](https://ecommerce.gov.qa/wp-content/uploads/2019/10/20191010_MoTC_Impact-Survey-Report_Online-Shoppers-Preferences_FINAL.pdf)  
 [5] [www.aa.com.tr/en/middle-east/qatar-allows-full-foreign-ownership-of-listed-companies/2210451](http://www.aa.com.tr/en/middle-east/qatar-allows-full-foreign-ownership-of-listed-companies/2210451)  
 [6] [www.bloomberg.com/news/articles/2021-10-02/qatar-votes-in-first-election-with-world-cup-spotlight-ahead](http://www.bloomberg.com/news/articles/2021-10-02/qatar-votes-in-first-election-with-world-cup-spotlight-ahead)  
 [7] [www.hurriyetdailynews.com/saudi-egypt-axis-cuts-ties-to-isolate-qatar-113926](http://www.hurriyetdailynews.com/saudi-egypt-axis-cuts-ties-to-isolate-qatar-113926)



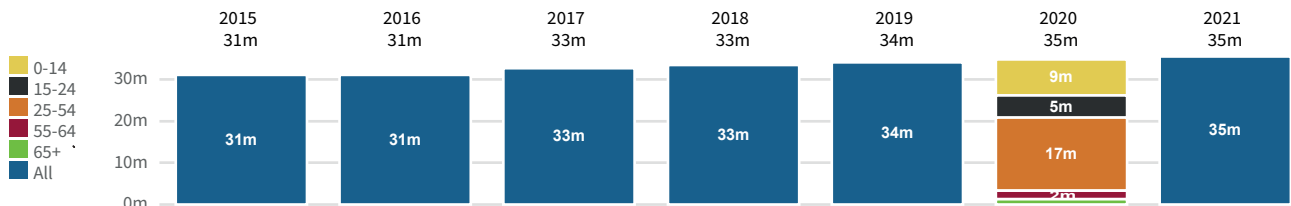
# Saudi Arabia

As this energy superpower looks towards diversifying its economy, its plans include embracing ecommerce

Occupying most of the Arabian Peninsula, **Saudi Arabia is the second-largest country in the Arab world.** It has borders with Jordan, Iraq, Kuwait, Qatar, Bahrain, the UAE, Oman and Yemen. It has coastlines along both the Red Sea and the Persian Gulf. With a population of 35m people, its capital, Riyadh, is classed as a global city.

**Saudi Arabia's economy, built on controlling the world's second-largest oil reserves** and the sixth-largest gas reserves, is the largest in the Middle East. It is the only Arab country to be one of the G20 major economies and

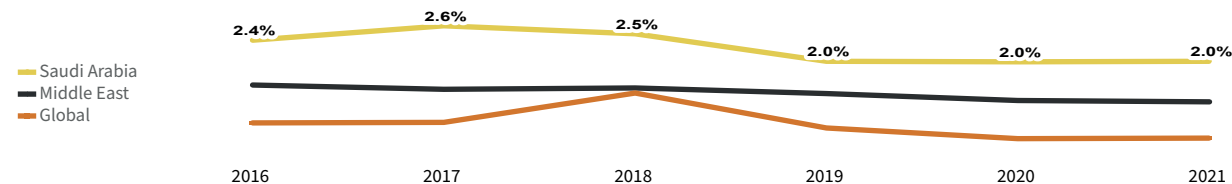
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

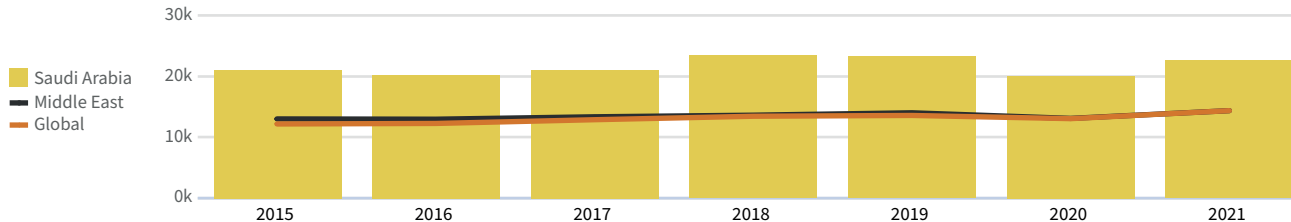
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

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### Saudi Arabia

Area: 2,149,690 km<sup>2</sup>

Capital: Riyadh

Currency: Saudi riyal (SAR)

Official language: Hejazi, Najdi, Hassawi, Janubi (Southern)

Nationality: Saudi Arabian

Government: Unitary Islamic absolute monarchy

VAT: 15% | Reduced VAT: 0%



is ranked 40th globally in the UN’s Human Development Index<sup>[1]</sup>. It’s a young country, with those aged between 25 and 54 making up close to half the population in 2020. GDP per capita is above the global mean.

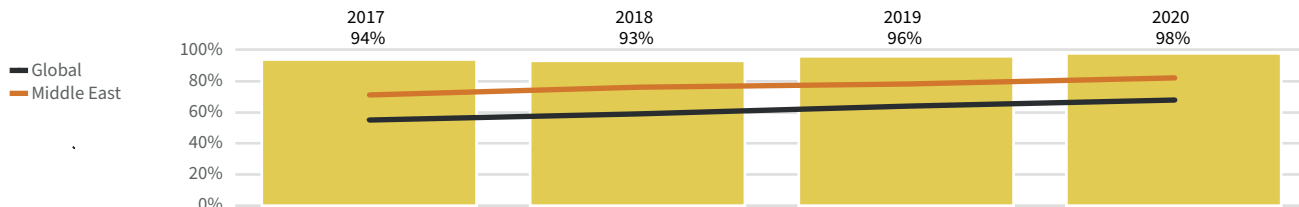
Saudi Arabia is classed as a regional and mid-level power, and its closest allies include the USA. **It sees itself as the Muslim world’s leading Sunni power.** It is home to the holy cities of Mecca and Medina.

An absolute monarchy, Saudi Arabia has been criticised for its human rights record, notably over the murder of journalist Jamal Khashoggi and its role in the Yemeni Civil War. Tension and proxy wars with Iran – the Middle Eastern Cold War – have lasted for more than 40 years.

While its vast energy sector dominates Saudi Arabia’s economy, **the country has tried to diversify**, with the first of a series of development plans launched in the 1970s. Its latest, Vision 2030, sets out the government’s goals as it seeks to grow its financial and high-tech sectors<sup>[2]</sup>. Huge challenges for Saudi Arabia likely lie ahead as **the wider world tries to move towards a post-carbon economy.**

Ecommerce is growing significantly in Saudi Arabia. Most of the population is online and **close to three-quarters of these consumers already use commerce.** The pandemic led to a growth in ecommerce, with the numbers suggesting a population that is well aware of the advantages of buying online – speed, convenience, choice, access to foreign-based retailers. Expect further

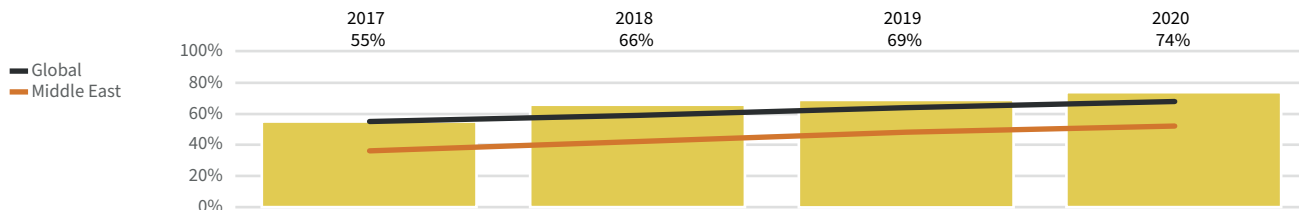
## Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

## Percentage of internet users who shop online

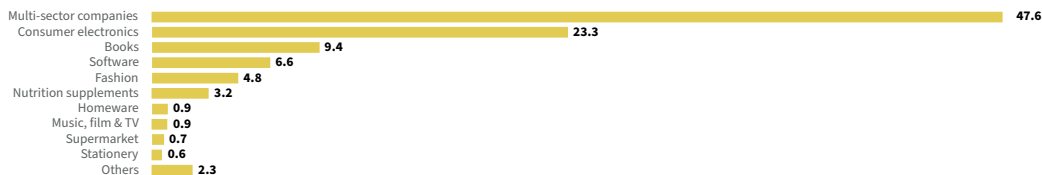


Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from World Bank, Statista

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## Web traffic by sector

The percentage of web visits to the Largest 100 retailers from consumers in Saudi Arabia, by sector



Note: retailers in the Largest 100 are selected for their significance to consumers in the country irrespective of where they are headquartered  
Source: RetailX, drawing on data from SimilarWeb

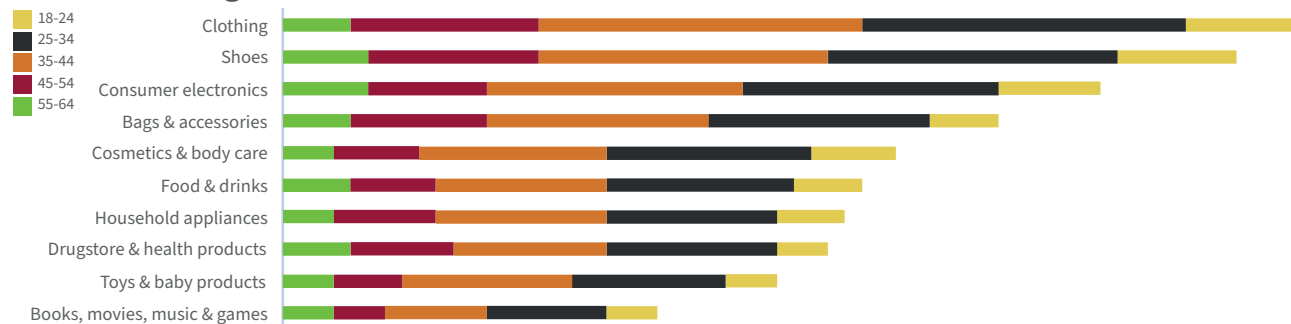
© RetailX 2021

developments as the Saudi authorities roll out even more advances, such as 5G, for example.<sup>[3]</sup>

Sectors that perform strongly include clothing and consumer electronics. **Significant online retailers in Saudi Arabia include namshi.com, a UAE-based fashion site**, book retailer jarir.com and electronics retailer extra.com. International retailers, notably Amazon.com, are also significant, with some sales certainly originating from expats. Retailers in China and the USA are the chief beneficiaries of cross-border ecommerce.

[1] <http://hdr.undp.org/en/content/latest-human-development-index-ranking>  
 [2] [www.vision2030.gov.sa](http://www.vision2030.gov.sa)  
 [3] [www.al-monitor.com/originals/2021/05/saudi-arabia-buys-e-commerce](http://www.al-monitor.com/originals/2021/05/saudi-arabia-buys-e-commerce)

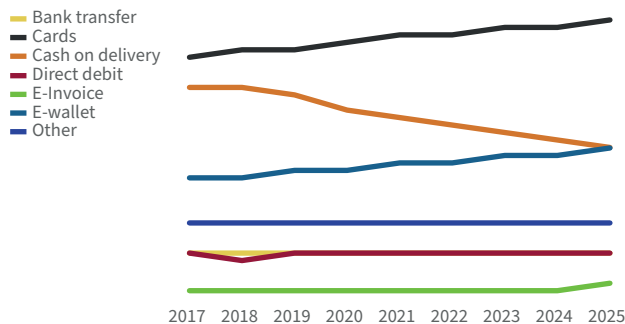
### Percentage of online shoppers in different age groups who purchased items in different categories, Saudi Arabia, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



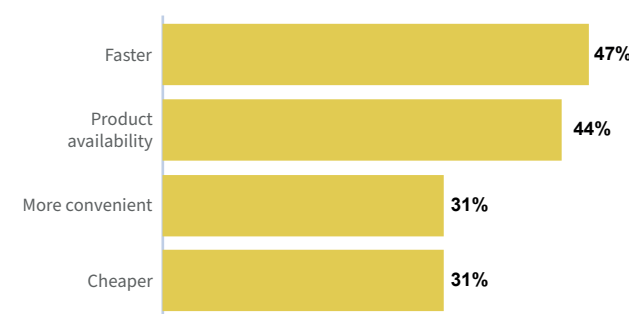
### Preferred payment method for online shopping in Saudi Arabia, 2017-2025



Source: RetailX, drawing on data from Statista



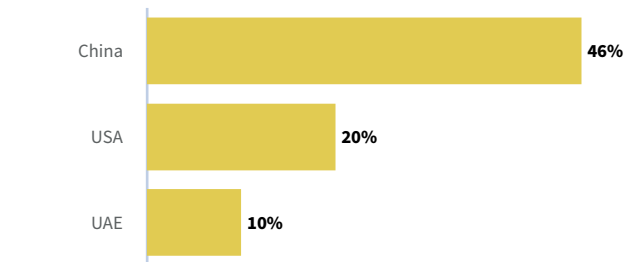
### Reasons for e-shoppers buying from new retailers in Saudi Arabia, 2020



Source: RetailX, drawing on data from Statista, Kantar, Google



### Countries with the largest percentage of cross-border ecommerce from Saudi Arabia, 2020



Source: RetailX, drawing on data from PPRO



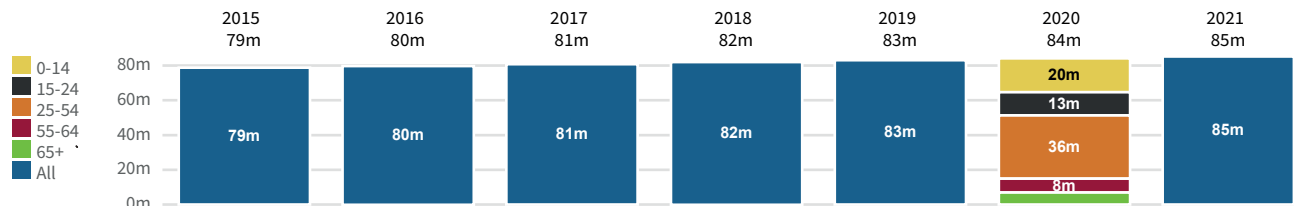
# Turkey

A country with huge potential, Turkey has growing tech and ecommerce sectors

Sharing borders with both European nations and Iran, Iraq and Syria, Turkey straddles Europe and Asia. A regional power located at a historically and strategically significant crossroads, it is **an emerging market economy**. It joined the EU Customs Union in 1995 and began accession negotiations with the EU, unlikely to be concluded anytime soon, in 2005.

According to the International Monetary Fund, Turkey has the world's 11th-largest GDP by PPP<sup>[1]</sup>. This reflects the country's status as **an industrial nation that exports such products as motor vehicles, steel and consumer electronics**. The Turkish tech sector is thriving, with Turkish tech companies having raised more funding in

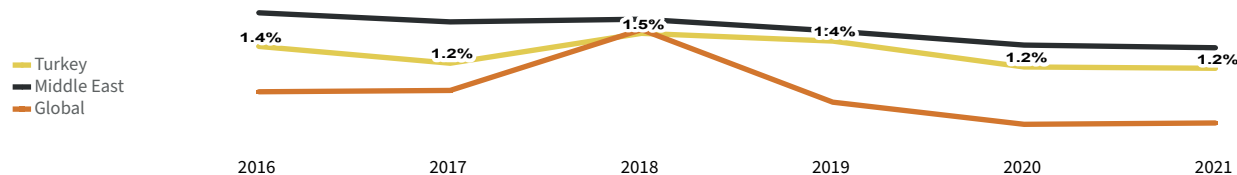
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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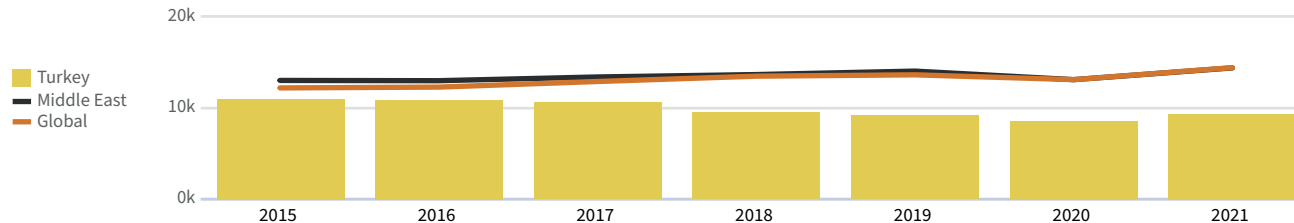
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

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**Turkey**

**Area:** 783,562 km<sup>2</sup>

**Capital:** Ankara

**Currency:** Lira (TRY)

**Official language:** Turkish

**Other languages spoken:** Kurdish, Zaza, Laz, Kabardian-Cherkess, Arabic

**Nationality:** Turks

**Government:** Republican parliamentary democracy

**VAT:** 18% | **Reduced VAT:** 8%

2021 by August than in the previous four years combined<sup>[2]</sup>. Politically, the country has become more authoritarian under Recep Tayyip Erdoğan’s socially conservative Justice and Development Party (AKP). The Economist Intelligence Unit’s Democracy Index 2020 noted both **“an increased willingness of citizens to participate in demonstrations and improved confidence in political parties”** and a low civil liberties rating<sup>[3]</sup>.

Turkey’s ecommerce sector is expanding, with some of the recent growth linked to people trying online shopping because of the pandemic. E-shoppers belong predominantly to younger age groups, suggesting more growth ahead since the population is so young.

**Multi-category retailer hepsiburada.com is the leading website in Turkey.** The rapid growth of the Adidas store in Turkey suggests a demand for foreign brands.

[1] www.imf.org/en/Publications/WEO/weo-database/2021/October  
 [2] www.ft.com/content/1010e729-a33f-4fd8-acd6-e5391bca45e0  
 [3] www.eiu.com/n/campaigns/democracy-index-2020/

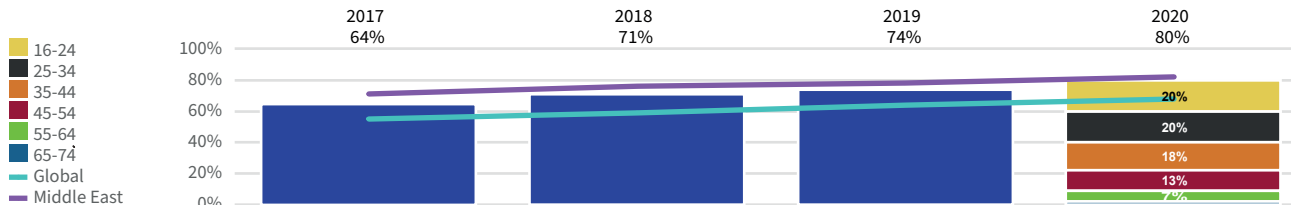
### Preferred payment method for online shopping in Turkey, 2020



Source: RetailX, drawing on data from Statista



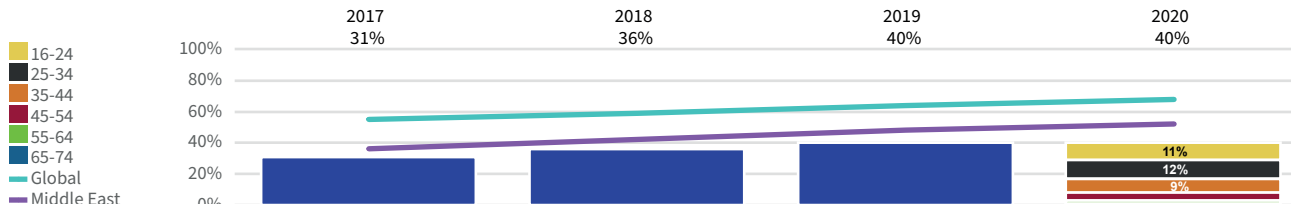
### Percentage of internet users



Source: RetailX, drawing on data from Eurostat, Statista



### Percentage of internet users who shop online

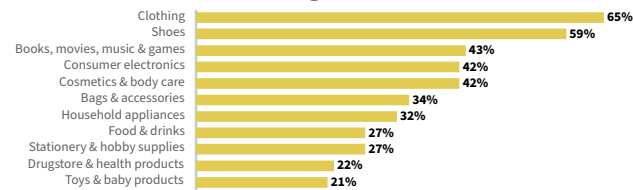


Data for Middle East includes: Iran, Israel, Qatar, Saudi Arabia, Turkey, United Arab Emirates. Data for Global includes the countries in this report

Source: RetailX, drawing on data from Eurostat, Statista



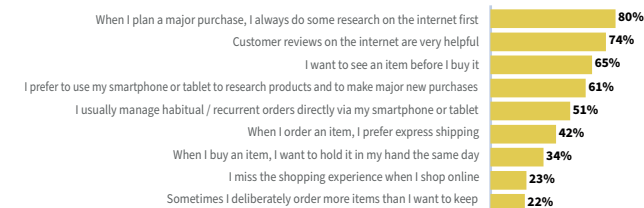
### Percentage of online shoppers who purchased items in different categories, Turkey, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



### Online shopping attitudes in Turkey, 2020



Source: RetailX, drawing on data from EcommerceDB



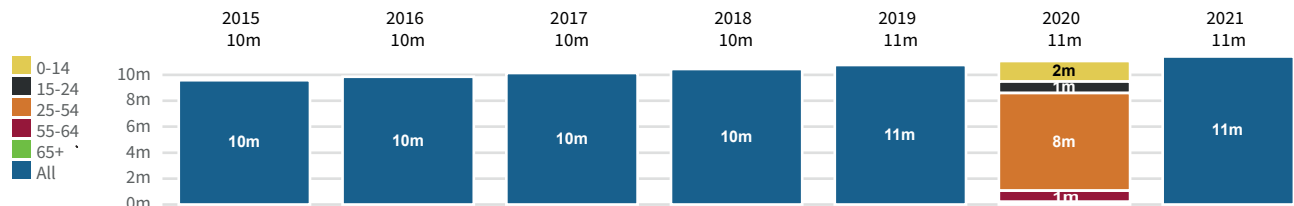
# United Arab Emirates

Home to the global city of Dubai, the UAE is a country trying to diversify away from its reliance on the energy sector

With the world's sixth-largest oil reserves and seventh-largest gas reserves, **the economy of the United Arab Emirates is built on its energy sector.** It is both a developing economy and a high-income economy. The UAE has the second-largest economy in the Arab world, after Saudi Arabia.

It was classed as an authoritarian regime in the Economist Intelligence Unit's Democracy Index 2020<sup>[1]</sup> and **human rights organisations have reported systematic human rights abuses.** It is a federation of seven emirates,

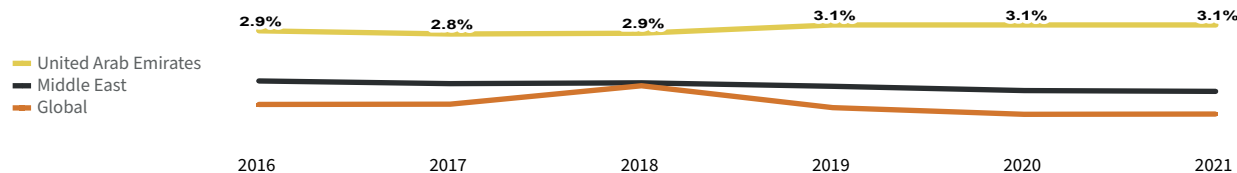
## Population structure



Source: RetailX, drawing on data from International Monetary Fund

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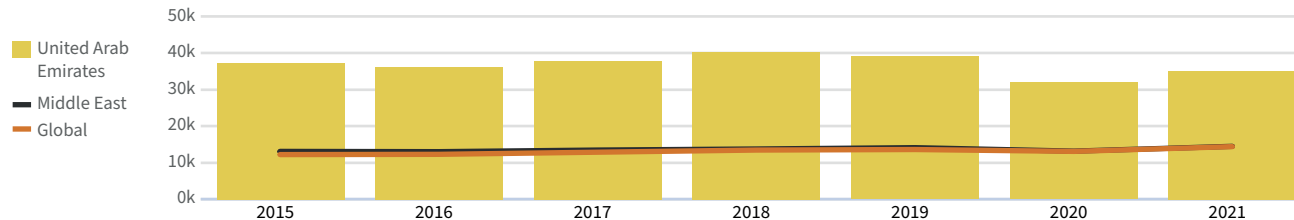
## Population growth



Source: RetailX, drawing on data from International Monetary Fund

© RetailX 2021

## GDP per capita (USD)



Source: RetailX, drawing on data from International Monetary Fund  
Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report

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**United Arab Emirates**

**Area:** 83,600 km<sup>2</sup>

**Capital:** Abu Dhabi

**Currency:** UAE dirham (AED)

**Official language:** Arabic

**Nationality:** Emirati

**Government:** Federal absolute monarchy

**VAT:** 5% | **Reduced VAT:** 0%

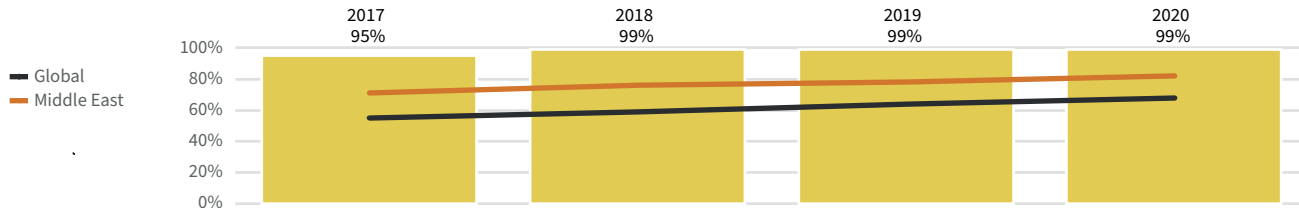
each governed by a sheikh who is also a member of the country's Federal Supreme Council. One of the seven serves as president.

In recent years, the authorities in the UAE have made **efforts to diversify its economy away from energy**. Over this time, **Dubai has grown to become an internationally important city**. The Dubai International Financial Centre (DIFC)<sup>[2]</sup> is a special economic zone and self-styled "leading financial hub for the Middle East, Africa and South Asia". It is "home to an internationally recognised, independent regulator and a proven judicial system with an English common law framework". It offers companies 100% ownership without the need for a local partner.

Linked to the success of the DIFC, **the fintech sector is important in Dubai** and the city works hard to attract investors and the venture capital community. Dubai is also one of the world's most popular tourist destinations and home to the world's tallest building, the Burj Khalifa<sup>[3]</sup>.

Ecommerce is booming in the UAE. According to a June 2021 report by the Dubai Chamber of Commerce and Industry, **the ecommerce sector grew by 53% year-on-year in 2020** and now makes up 8% of the retail market. Mobile commerce has made up a big part of this growth and it is predicted the sector will generate \$3.9bn in sales for the retail sector by 2025<sup>[4]</sup>.

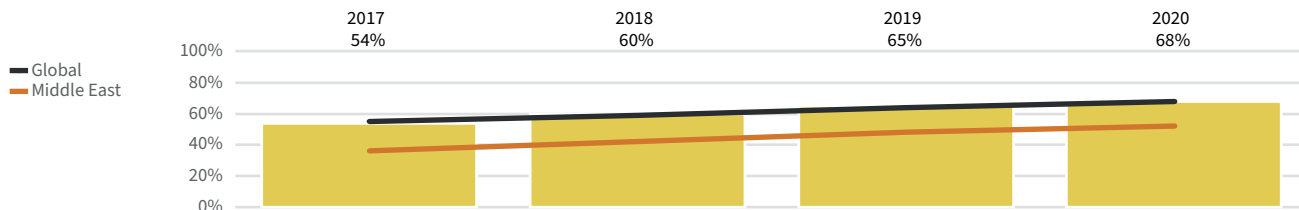
### Percentage of internet users



Source: RetailX, drawing on data from World Bank, Statista

© RetailX 2021

### Percentage of internet users who shop online



Data for Middle East includes: Israel, Iran, Qatar, Turkey, Saudi Arabia, UAE. Data for Global includes the countries in this report  
Source: RetailX, drawing on data from World Bank, Statista

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### E-shoppers' action following payment issues in the UAE, 2020



Source: RetailX, drawing on data from VISA

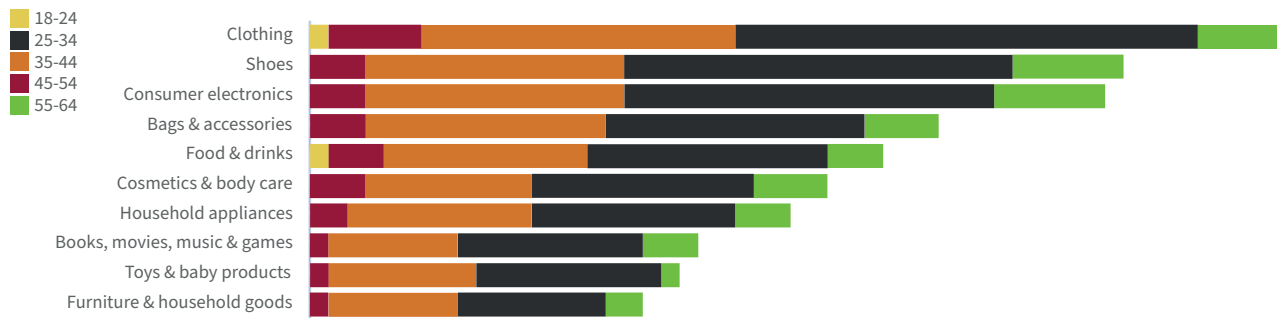
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The country's investment in infrastructure is reflected in the number of people who are online: 99% of the population. **A little more than two-thirds of people buy online**, with important sectors including clothing, consumer electronics and food and drink. Consumers are increasingly using smartphones to make online purchases.

**The international significance of the UAE is reflected in the country having its own Amazon store, amazon.ae**, which generated revenues of \$338m in 2020. Fashion store namshi.com and multi-category seller noon.com are also important ecommerce players.

[1] www.eiu.com/n/campaigns/democracy-index-2020/  
 [2] www.difc.ae  
 [3] www.burjkhalifa.ae/en/  
 [4] www.mediaoffice.ae/en/news/2021/June/23-06/Dubai-Chamber

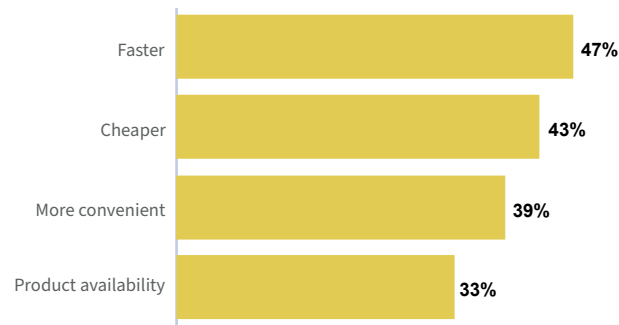
### Percentage of online shoppers of different ages who purchased items in different categories, UAE, 2020



Source: RetailX, drawing on data from Statista Global Consumer Survey



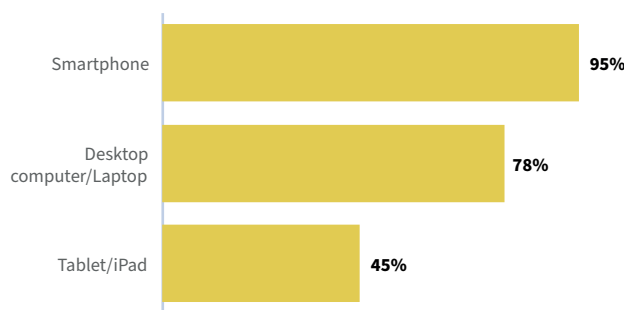
### Reasons for e-shoppers buying from new retailers in the UAE, 2020



Source: RetailX, drawing on data from Statista, Kantar, Google



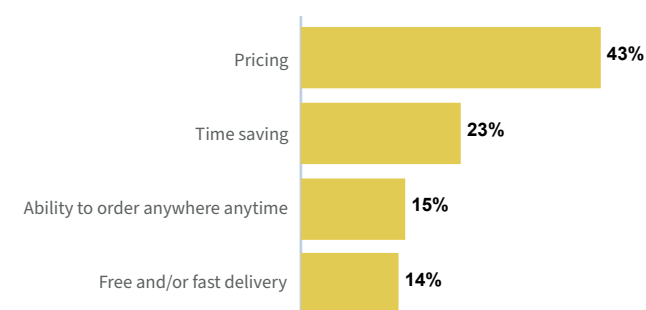
### Devices used by online shoppers for purchases, UAE, 2020



Source: RetailX, drawing on data from VISA



### Main drivers for shopping online in the UAE, 2020



Source: RetailX, drawing on data from UPS





# Covid-19

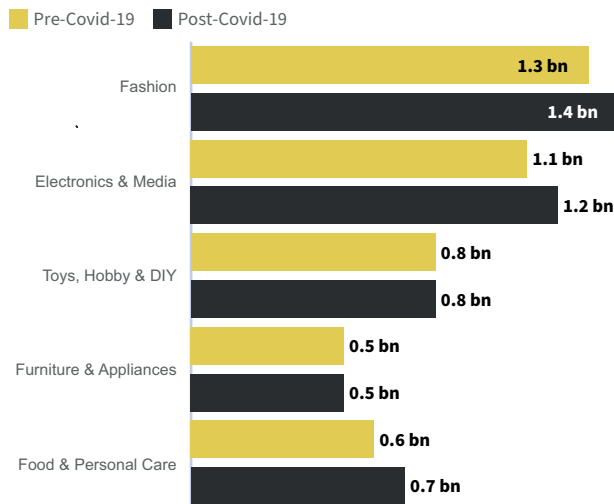
The pandemic has led to more people shopping online, but physical stores remain important in the Middle East

Despite disquiet over the increasing number of Covid-19 cases and about new variants reaching Europe, there is a sense across the continent that the worst may just be over. As winter begins to bite, the roll-out of vaccines has meant that recent increases in coronavirus infection rates have not been accompanied by an increase in hospitalisations.

The picture is by no means the same across the world. According to a report in *The New Scientist*, **nearly everyone in Iran has been infected by Covid-19 at least once**. The country was one of the first to be hit by the pandemic and it was initially slow to vaccinate its population. By July 2021, just 3% of the population was fully vaccinated. Despite this, the country has not achieved herd immunity and has suffered another wave of infections and deaths because of the delta variant.<sup>[1]</sup> More than 50,000 children in the country have lost a parent.<sup>[2]</sup>

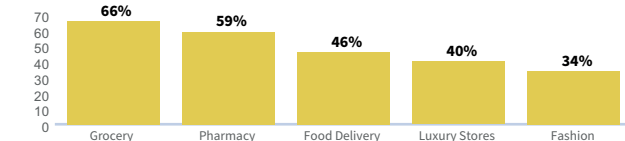
In contrast, **Israel began vaccinating its citizens in December 2020**. The authorities have recently begun vaccinating children.<sup>[3]</sup> Yet even in Israel, there was a spike in cases in August.<sup>[4]</sup>

## Israeli ecommerce revenue forecast 2020 in US\$bn



Source: RetailX, drawing on data from ecommerceDB.com © RetailX 2021

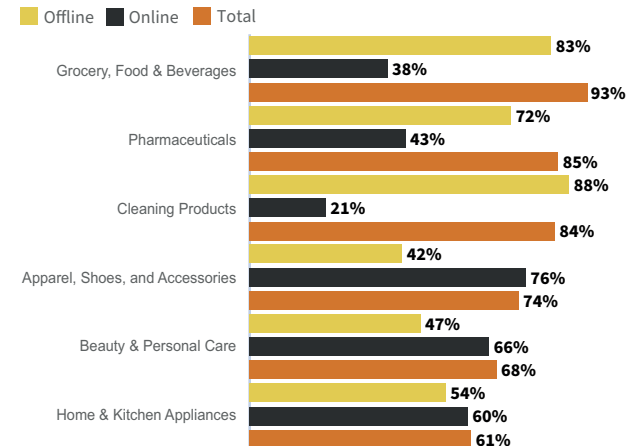
## Share of first-time online shoppers during the Covid-19 pandemic in Saudi Arabia, 2020, by category



Source: RetailX, drawing on data from Statista, DED (Dubai), Visa Inc, Kantar Covid-19 Barometer © RetailX 2021

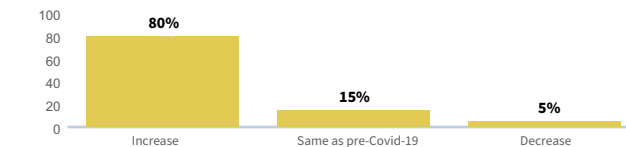
## Most purchased categories after the Covid-19 pandemic in Saudi Arabia, 2020

The percentage of respondents who said they bought items in each category



Source: RetailX, drawing on data from Statista, WARC, Choueiri Group © RetailX 2021

## Breakdown of online purchase levels, post-Covid-19 in Saudi Arabia, 2020



Source: RetailX, drawing on data from Statista, DED (Dubai), Visa Inc, Kantar Covid-19 Barometer © RetailX 2021

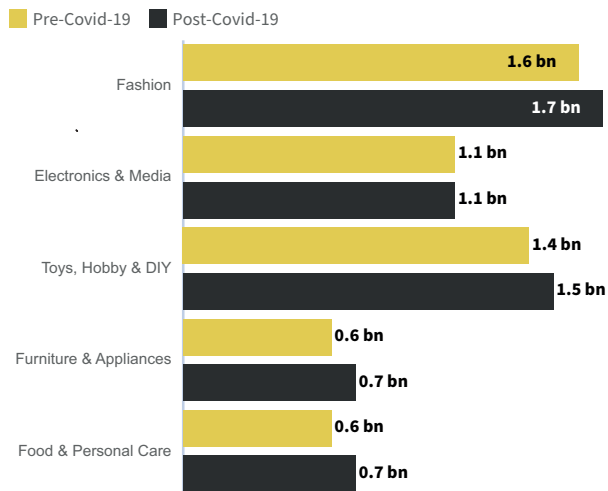
In short, the pandemic is still having huge effects, both on people’s day-to-day lives and within the wider economy.

**Middle East-based airlines, for example, saw a 67.1% drop in passenger demand in September 2021 compared to September 2019.**<sup>[5]</sup>

Turning more specifically to the ecommerce sector, the overall picture across the Middle East – reflected in the graphics here – has been to encourage people towards ecommerce. Many will continue to shop online when the pandemic does finally abate. But, as we have noted elsewhere in this report, those considering launching in the region need to consider the extent to which the retail culture in different countries will eventually drive the recovery of bricks-and-mortar stores.

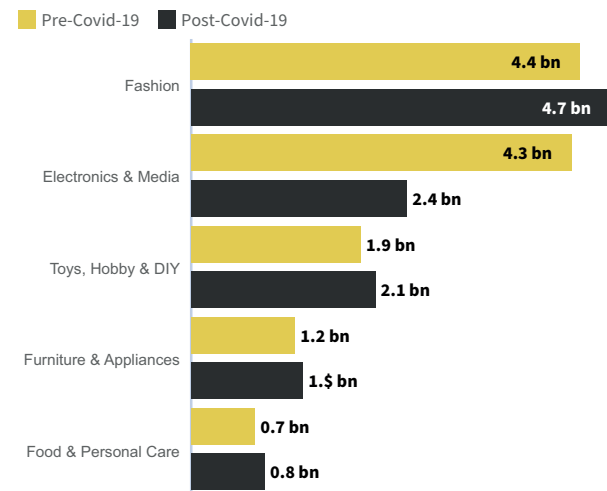
[1] [www.newscientist.com/article/2294215-nearly-every-person-in-iran-seems-to-have-had-covid-19-at-least-once/](http://www.newscientist.com/article/2294215-nearly-every-person-in-iran-seems-to-have-had-covid-19-at-least-once/)  
 [2] [www.bbc.co.uk/news/world-middle-east-58886923](http://www.bbc.co.uk/news/world-middle-east-58886923)  
 [3] [www.timesofisrael.com/israel-said-set-to-begin-vaccinating-children-aged-5-11-next-week/](http://www.timesofisrael.com/israel-said-set-to-begin-vaccinating-children-aged-5-11-next-week/)  
 [4] <https://covid19.who.int/region/euro/country/il>  
 [5] [www.hoteliermiddleeast.com/travel/middle-east-air-travel-demand-remains-67-percent-below-pre-covid-levels](http://www.hoteliermiddleeast.com/travel/middle-east-air-travel-demand-remains-67-percent-below-pre-covid-levels)

### UAE ecommerce revenue forecast 2020 in US\$bn



Source: RetailX, drawing on data from ecommerceDB.com © RetailX 2021

### Turkish ecommerce revenue forecast 2020 in US\$bn



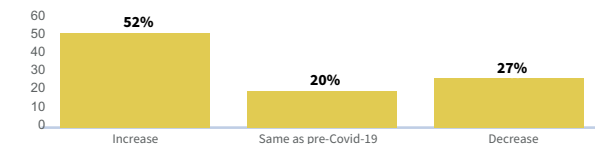
Source: RetailX, drawing on data from ecommerceDB.com © RetailX 2021

### Share of first-time online shoppers during the Covid-19 pandemic in the UAE, 2020, by category



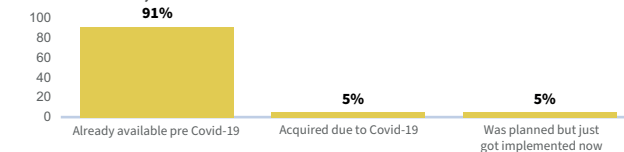
Source: RetailX, drawing on data from Statista, DED (Dubai), Visa Inc., Kantar Covid-19 Barometer © RetailX 2021

### Breakdown of online purchase levels, post-Covid-19 in the UAE, 2020



Source: RetailX, drawing on data from Statista, DED (Dubai); Visa Inc.; Kantar COVID-19 Barometer © RetailX 2021

### Breakdown of ecommerce platform adoption before and after Covid-19 in the UAE, 2020



Source: RetailX, drawing on data from Statista, DED (Dubai), Visa Inc., Kantar Covid-19 Barometer © RetailX 2021

## Alshaya Group

**Company:** MH Alshaya Co  
**Headquartered:** Kuwait  
**Founded:** 1890  
**Stores:** 1,000  
**Online:** www.alshaya.com



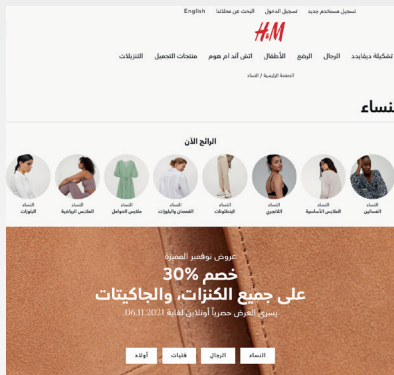
## Franchise pioneer

Alshaya blends brands, malls and digital in a retail experience that has typified the region

Founded as a shipping company in 1890, with a move into property and hotels in 1965, Alshaya was already a successful, established enterprise out of Kuwait when it entered the retail sector in 1983 via a franchise agreement with the Mothercare brand. Alshaya grew Mothercare in the region and set a pattern of bringing Western brands to consumers in the Middle East, then North Africa, Russia and Eastern Europe.

Alshaya now operates some 1,000 stores in 18 countries (from leisure destinations – the word ‘mall’ is no longer sufficiently descriptive of the intent and range of services – to stores, cafés and restaurants).

The franchise model has given many retail, consumer and leisure brands a rapid entry to and traction in the region, and Alshaya currently represent 90 brands. The new-launch focus is on leisure and health, with openings planned for

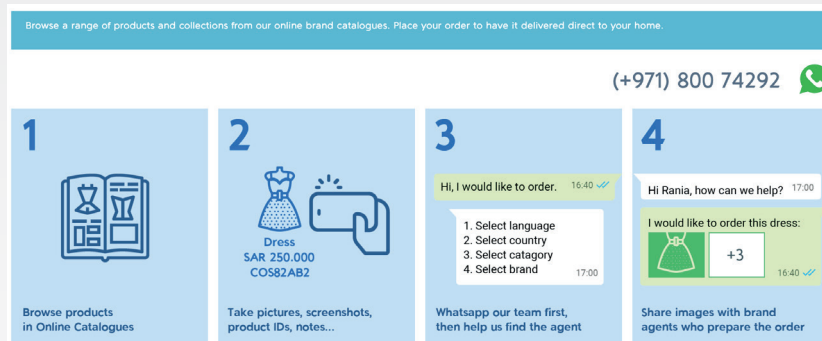


The Womenswear category page on H&M UAE, offering home delivery and click & collect

Blink, Soulcycle and Equinox, and we can see the group orienting itself around all areas of consumers’ disposable income and leisure time.

Alshaya continues successfully to operate brands that are defunct in their founding countries. Britain’s Debenhams (now online-only via Boohoo.com) operates in some 45 stores via Alshaya, while Mothercare (operated in the UK as an online adjunct to Boots.com) continues to operate successfully under a 20-year franchise licence agreed in 2020.<sup>[1]</sup>

The group has embraced digital and operates a range of online services – from fully transactional websites and a digital marketing initiative with TikTok on the one hand, to online PDF brochures with phone or WhatsApp ordering on the other.



Some brands are online PDF brochures and catalogues with dedicated order lines by phone and WhatsApp.

Digital is clearly an important part of the group’s plans, as the appointment of Paul Morris as chief digital officer at the end of 2020 demonstrated. His digital leadership experience previously included Tesco, Specsavers and Pizza Hut Digital Ventures. In a sign of the group’s ambitions, he was able to announce the launch of their 100th trading site and app in the region. Morris noted at the time: “Customers, particularly the under-30 mobile-first generation, have embraced new ways to shop. We have worked hard to meet their needs by bringing their favourite brands to their fingertips through a rapidly growing number of sites and apps.”

[1] www.retailgazette.co.uk/blog/2020/08/mothercare-overhauls-business-model-seals-delayed-boots-deal/

## Noon

**Company:** Noon

**Headquartered:** Dubai

**Founded:** 2017

**Online:** [www.noon.com/uae-en](http://www.noon.com/uae-en)

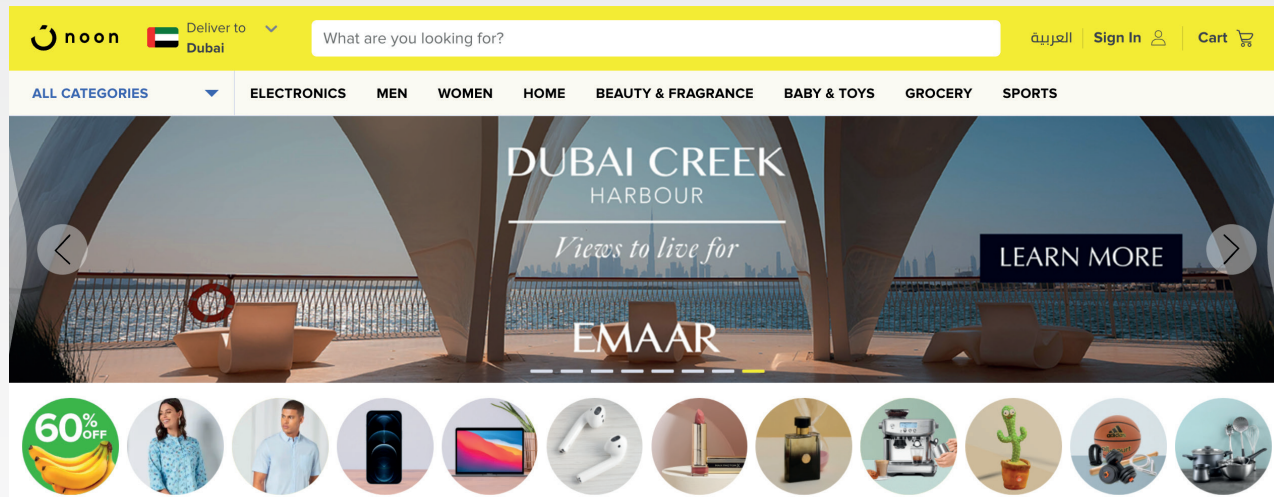


## Global lessons adapted at pace

Noon's growth has taken global exemplars and created a playbook for relentless growth and service development

At Noon's foundation in 2017, it was clear that 'marketplaces' were a key strategy to engage the region's highly digital, affluent yet reticent online shoppers to ecommerce. Amazon's imperious capabilities were evident globally, and a local marketplace, Souq.com, had since 2005 proven that a combination of product range, online experience and capable logistics could grow the segment. Amazon acquired Souq in 2017 for US\$ 580m in cash,<sup>[1]</sup> when Souq had already built its range to some 8.5m SKUs across 30-plus categories.

In 2017, the world's ecommerce professionals watched Amazon's activities, trying to learn their secrets from the outside and then applying them to their own (legacy) systems. This was an attempt to 'catch up with Amazon' via incremental steps. The conditions in Dubai, however, allowed for a bolder strategy.



Noon.com's home page conveys a combination of aspiration and confidence

It's axiomatic that ideas are free, but that implementation is not, and so the availability of capital is a requirement to compete regionally. While many would consider an Amazon-owned major player in a region as a competitive fait accompli, Mohammed Alabbar, chairman of Emaar Properties raised \$1bn to launch Noon.com. In concert with the Saudi Public Investment Fund and others, this capital allowed Noon.com to leapfrog the 'iterate' and 'bootstrap' phases of growth and emerge as a fully fledged competitor to the established Souq.com.<sup>[2]</sup>

That Emaar Properties is the developer of the Burj Khalifa should give a clue as to the ambitions for Noon.com, and Alabbar is an investor in Aramex ([www.aramex.com](http://www.aramex.com)), a global logistics

company that is used by Amazon and which gave Noon an immediate leap to best-in-class capabilities.

In October 2021, Gulf Finance reported a further planned investment from the founders of \$2bn,<sup>[3]</sup> since the marketplace is doubling in size each year.

As ecommerce usage in the region increases, we can see a local, well-capitalised, connected and confident business competing with Amazon on its home ground.

[1] <https://secfilings.nasdaq.com/filingFrameset.asp?FilingID=12020757&RcvdDate=4/28/2017&CoName=AMAZON%20COM%20INC&FormType=10-Q&View=html>  
 [2] <https://money.cnn.com/2016/11/13/technology/saudi-arabia-dubai-online-shopping-noon/>  
 [3] [www.wamda.com/2021/10/noon-raises-2bn-arabic-english](http://www.wamda.com/2021/10/noon-raises-2bn-arabic-english)

## Hepsiburada

**Company:** Hepsiburada

**Headquartered:** Turkey

**Founded:** 2000

**NASDAQ:** HEPS

**Online:** www.hepsiburada.com

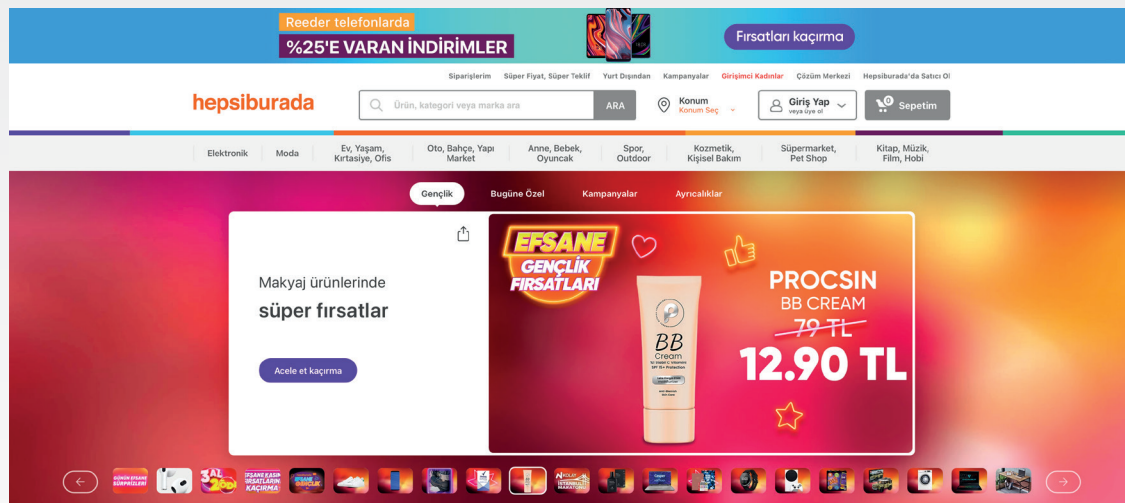


## The Amazon of the East

Fresh from its IPO this Turkish powerhouse is embracing the best of global marketplaces as it grows post-pandemic

Turkey's ecommerce landscape is dominated by online marketplaces. These serve a mainly Turkish customer base.<sup>[1]</sup> Hepsiburada (“everything is here”) extends its influence across the Middle East, attracting some 97m visitors a month from the region. Hepsiburada is both a marketplace and a retailer on its own account. In key respects, it emulates the Amazon model by having integrated and capable logistics and free returns.

This integrated, full-cycle commerce is notable in a region where ecommerce usage and spend are lower than the affluent population would suggest. Impediments to digital commerce include the social attraction of socialising at the mall, the relative importance of cash and the availability of developed final-mile delivery services. Hepsiburada's capabilities as a sophisticated marketplace offer a paradigm of scope and efficiency that sets a standard.



Hepsiburada is setting new standards in Turkey by learning from competitors such as Amazon

Similar to many marketplaces, the seller onboarding is slick. Moreover, Hepsiburada – like Rakuten in Japan and Alibaba in China – sees a role in market and seller development. The company has specific seller programmes for women-owned businesses (under their female entrepreneur programme) and also for Turkish-owner businesses, so as to present and promote their products to a larger and international audience.

In July 2021, Hepsiburada's US IPO (Nasdaq: HEPS) was the first Turkish listing on the Nasdaq,<sup>[2]</sup> propelling its founder and chair, Hanzade Doğan Boyner, to billionaire status. The valuation

recognised that the business had grown 50% during lockdown, as Turkey's population turned to online shopping.

The use of proceeds is a sign of the company's continued ambitions. Having started mainly in electrical and electronic items, and grown to have more than 43m SKUs, the company is looking at grocery (HepsiExpress), airline ticketing and money transfers as growth areas. Clearly the company is learning not just from Amazon but also Alibaba and other giants, looking to emulate the best of global capabilities within this region.

[1] [www.webretailer.com/b/online-marketplaces-middle-east/](http://www.webretailer.com/b/online-marketplaces-middle-east/)

[2] <https://techcrunch.com/2021/07/01/exclusive-hepsiburada-ceo-sets-out-her-vision-as-it-becomes-first-ever-turkish-nasdaq-ipo>

**TIPA****Company:** TIPA**Headquartered:** Israel**Founded:** 2010**Online:** [tipa-corp.com](http://tipa-corp.com)**“This Bag Turns Into Dirt”**

Materials science startup might end plastic packaging in retail

Look at figures for the most-trafficked ecommerce sites within Israel each month, and you see they are dominated by marketplaces and shopping comparison sites.<sup>[1]</sup> Meantime, the country’s digital startup scene is redolent with AI-driven technology innovators. In short, Israel represents the epitome of a mature ecommerce landscape. However, within the retail sector, we see innovation and invention that is not purely digital. TIPA harnesses materials science to tackle one of the most persistent challenges of consumption: plastic packaging.

The company is a decade-old startup that moves beyond recycled or recyclable plastics (the latter requiring a supporting infrastructure to recover and recycle the materials, and still requiring petrochemicals in manufacture) and introduces compostable materials.



TIPA’s plastic-equaling properties

While compostable packaging has been available for more than 20 years, it has not always met standards for transparency, food safety or control over the pre-decomposition stable period.

TIPA’s innovations have extended the stable shelf life of premium garment bags (so that they do not start decomposing instore or in storage prior to use) as well as achieving certification for food use (dry, chilled and frozen).



“This bag turns into dirt” – prominent messaging on a garment packaging

While there will be barriers around cost, scale and energy use, as well as non-uniform availability of composting options for consumers, there are further technological developments that can reduce waste. The company recently collaborated with PerfoTec, a Dutch company that laser-perforates films. The result is a compostable membrane that reduces spoilage in chilled foods, increasing shelf life and reducing waste.

[1] [www.similarweb.com/top-websites/israel/category/e-commerce-and-shopping/](http://www.similarweb.com/top-websites/israel/category/e-commerce-and-shopping/)

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# Conclusion

We hope that you have found our research and analysis to be of interest and commercial value. We would be very pleased to hear from you with questions, suggestions or comments, and in particular we would like to hear about any areas you think we should include in the 2022 report.

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