

MEASA eCommerce Landscape





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Foreword



Amna Rashed Lootah
Board Member
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We take great pleasure in introducing you to the MEASA eCommerce Landscape: B2C Products Edition. The second edition of the report covers the wider Middle East, Africa and South Asia (MEASA) eCommerce market, a US\$ 89.4 billion market opportunity (2019) that is projected to grow at 18.4% in the next three years.

The MEASA region is emerging as a competitive eCommerce market, growing faster than the global 16.6% eCommerce growth over the projected period. Many of the MEASA's markets have a higher internet penetration than the global average, for instance, UAE at 99% and South Africa at 62% internet penetration. Other factors such as high smart phone penetration, social media usage, young and tech-savvy population are among the many opportunities.

Despite these growth factors, there remain acute challenges that must be overcome for the MEASA eCommerce market to reach its full potential. Much of the region is still a cash-based economy, where 62% of MENA's online shoppers prefer cash-on-delivery payment method. This is primarily led by lack of trust on online payment and financial illiteracy. Another pressing issue is underdeveloped logistics, increasing the last mile delivery time and cost.

UAE is at the forefront of many eCommerce markets globally and regionally. It has the highest

global internet penetration and is the fastest growing eCommerce market in the MEASA region. Dubai, with its strategic location and its state-of-art infrastructure, is all set to become the regional eCommerce hub.

With the establishment of the Dubai CommerCity, we believe the freezone will play a pivotal role in further cementing the Emirates' global position as a leading platform for international eCommerce.

This report represents a key addition to these ongoing efforts. It presents you with up-to-date and original market analysis, accounting for the COVID-19 impact on the global and regional eCommerce. This study includes an in-depth outlook on the opportunities and challenges of eCommerce in MEASA, top 100 B2C product companies operating in the region, success criteria and checklist, and the role of Dubai CommerCity freezone in providing you with a robust eCommerce ecosystem.

We hope that stakeholders and partners will benefit from this groundbreaking insight on the current eCommerce landscape. The future is truly exciting for eCommerce in the wider region. We are confident that Dubai CommerCity will bring you the best solutions, services and platforms, pioneering advancement in the eCommerce ecosystem.



Executive Summary



The MEASA eCommerce Landscape: B2C Products Edition report presents an overview of the enormous US\$ 89.4 billion MEASA eCommerce opportunity, covering Middle East, Africa and South Asia (MEASA) region.

The main purpose of the report is to inspire international and regional businesses and entrepreneurs to benefit from the growing B2C MEASA eCommerce market.

This report covers eCommerce activities across 29 countries identified as part of the MEASA region.

These countries are categorized into six sub-regions of Middle East GCC, Middle East Levant, Middle East Other, North Africa, Sub-Saharan Africa and South Asia. The region is home to 2.7 billion people, representing 36% of the global population in 2019, and emerging as a powerful economic bloc with a solid growth trajectory.

The focus of the report is on the B2C product eCommerce market. B2C service and B2B eCommerce are entirely other significant markets and not in the scope of this report.



High consumer preference for eCommerce amidst COVID-19:

Ecommerce has experienced a quantum leap during the COVID-19 pandemic, especially for food, groceries and essentials. The hardest hit sectors have been the travel industry and restaurants, given lockdown restrictions and consumer hygiene concerns. The Gulf region saw a 214% year-on-year increase in cross-border online sales mid-year 2020. A global survey shows consumers are more likely to continue shopping online post-COVID-19 in India and South Africa, 59% and 55% respectively. This report presents key global consumer, industrial and government trends that will impact eCommerce in the next three years.

MEASA eCommerce growth spurred by COVID-19:

At US\$ 89.4 billion, the MEASA eCommerce market equates to 2.5% of the global B2C eCommerce market. While relatively a smaller portion, the

region's eCommerce market is experiencing a staggering CAGR at 18.4%, higher than the global 16.6% growth over the 2019-22 forecasted period. Though the year-on-year rate for 2019 has declined, we expect the regional market to gain momentum again in 2020 through 2022, driven by the increased eCommerce usage during and post-COVID-19 pandemic.

Exponential trajectory at a sub-regional level:

South Asia represents the largest sub-regional eCommerce market size, with India the largest eCommerce country by sales in the MEASA region at US\$ 45.7 billion sales in 2019.

GCC is the fastest growing sub-regional eCommerce market over the forecasted period 2019-22, where Saudi Arabia and United Arab Emirates (UAE) take lead at 39% and 38% CAGR, respectively. MEASA's eCommerce potential is further confirmed from the fact

that 12 of the region's countries are growing faster than the global average of 16.6% through 2019-22.

African markets (Sub-Saharan and North Africa) are also showing strong potential, covering at least 19% of the regional, MEASA eCommerce market share in 2019. Nigeria is the second largest eCommerce market in the region at US\$ 7.7 billion sales, with South Africa and Morocco also making it to the top 10 markets. Kenya is the 4th fastest growing economy at 36.6% CAGR, and Nigeria is also among the top 10 fastest growing markets.

The internet shoppers per capita is highest in the Middle East, where internet shoppers per internet user is the highest in UAE at 59%. Overall, 12% of internet users are internet shoppers in the MEASA region, compared to 43% worldwide, portraying a huge eCommerce opportunity in the region.

Growth drivers and challenges:

The findings of the report suggest that affluent and young population, and cross-border eCommerce are the two strongest eCommerce growth drivers for Middle East (GCC, Levant, Other), Africa (North Africa and Sub-Saharan Africa) and South Asia sub-regions. The pressing issues for these regions are digital payments (as they are heavily cash-based economies) and limited product coverage. Middle East has proven to be the strongest on all seven growth opportunities, while most of these are moderate or low for African and South Asian regions.

In addition to the two mentioned earlier, other growth drivers include eCommerce growth, internet penetration, smartphone and social media adoption, government policy, and ease of doing business. On the other hand, all the seven challenges highlighted in the report are alarming for Africa and South Asia. But most of these are moderate or low for Middle East. These include eCommerce infrastructure, financial inclusion, trust on online payment and delivery, last-mile logistics and delivery, and cross-border eCommerce tax and trade barriers.

Top 100 MEASA B2C eCommerce companies:

The MEASA region is home to some of the leading global eCommerce players. This report presents a unique list of the top 100 B2C eCommerce companies operating in the MEASA region, offering B2C eCommerce products.

The list is ranked based on unique visitors from MEASA, and collectively the top 100 websites represent 1.94 billion monthly unique visitors from the region. Out of the 100 listed, 79 companies are based in the MEASA region which is a strong signal of the local eCommerce development and opportunities.

Of these, 29 are based in ME-Other region, 25 in Sub-Saharan Africa, 15 in South Asia, 9 in GCC and 1 in North Africa. Marketplace, electronics and fashion represent the highest number of companies, with 32 and 19 each companies, respectively. Marketplace also has a large customer base, around 65% of all categories.

15 key success criteria and growth checklist:

This report presents a B2C product eCommerce value chain framework, with five main components: product/sourcing; eCommerce platform; logistics/distribution; customer engagement; and support services. Based on a thorough analysis of the eCommerce opportunity, success stories and challenges across the MEASA region, 15 key success criteria and technology opportunities have been identified and mapped across the eCommerce value chain. Readers will also find a practical growth checklist with key questions and considerations from the report to help them leverage the region's vast opportunities.

Six eCommerce strategic considerations for government/industry support:

For the MEASA region to become a competitive global player, key structural barriers must be addressed at a government and industrial support level. This report devises five broad strategic considerations around key eCommerce barriers, each providing specific, actionable focus areas. These strategies include robust policy framework, consumer awareness and trust-building, logistics and postal services, digital infrastructure and global collaboration.

**Dubai, UAE – MEASA
eCommerce hub:**

UAE has been leading many eCommerce related rankings regionally and globally. For instance, it has the highest global internet penetration at 99%, and secured 16th position in ease of doing business ranking. Dubai, having a strategic location, growing FDI, state-of-art infrastructure and an entrepreneurial ecosystem makes it an ideal city to do business. With the first Free Zone in the region dedicated to eCommerce, Dubai CommerCity is stepping up to claim its position as the regional eCommerce hub.

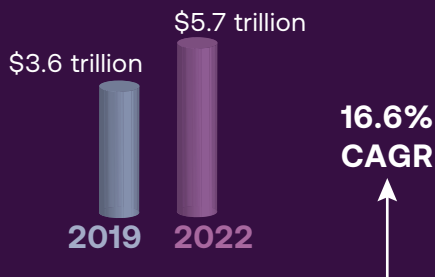
Overall, the report aims to provide eCommerce players and entrepreneurs with a clear roadmap to benefit from the vast US\$ 89.5 billion MEASA eCommerce opportunity, forecasted to reach US\$ 148.5 billion in 2022. It will also provide strategic considerations for government entities and industry bodies to drive key structural improvements and facilitate the region's foreseen eCommerce success.



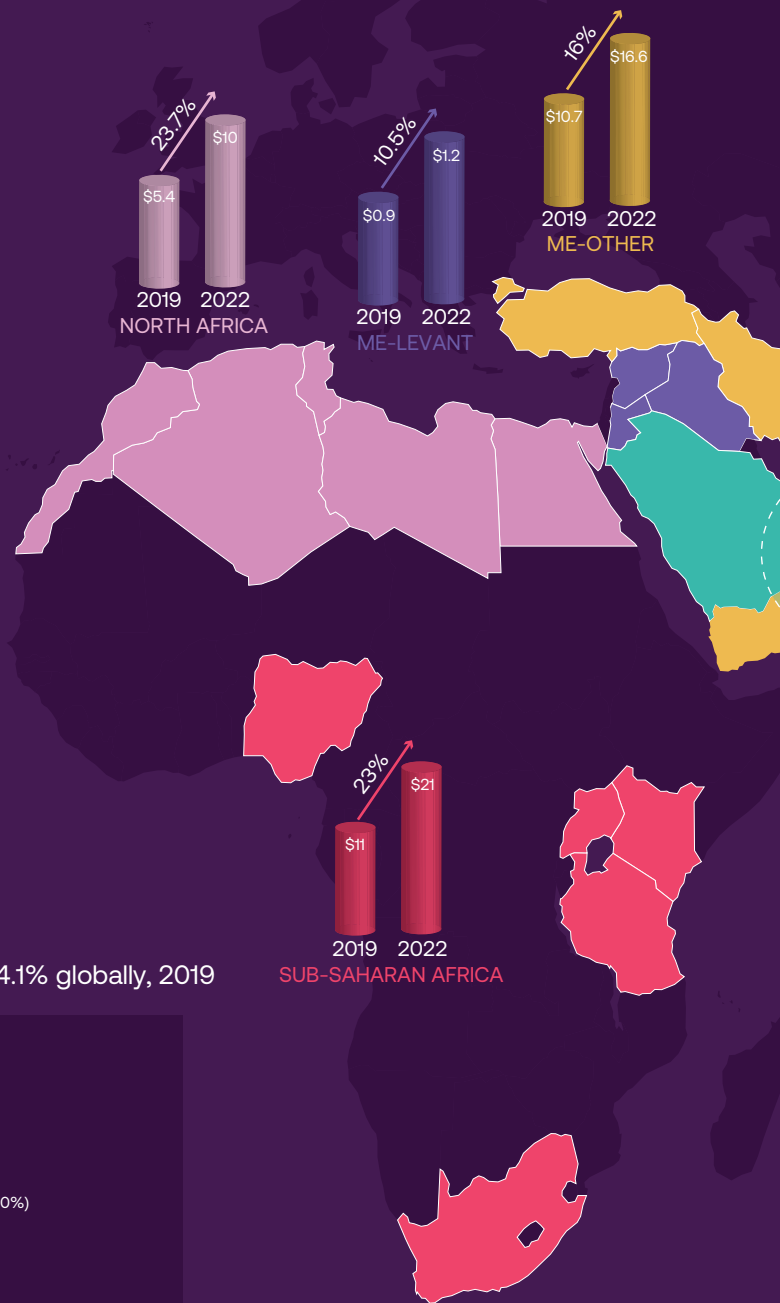
MEASA* eCommerce Landscape Overview

\$89.4 billion in total eCommerce spending (2019) projected to grow at CAGR 18.4% to \$148.5 billion by 2022

Global eCommerce sales



MEASA eCommerce sales



MEASA Ecommerce Opportunity

2.8% retail eCommerce penetration in MEASA versus 14.1% globally, 2019

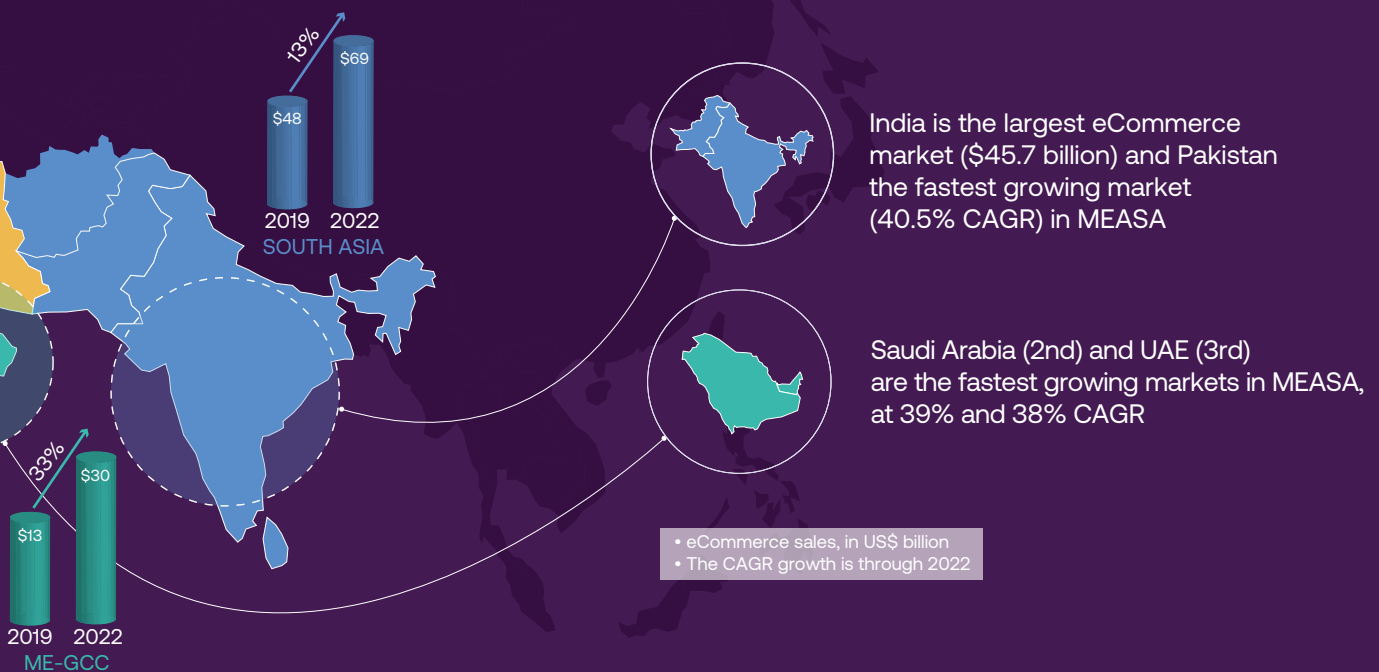
- 2.7 billion** Population (36% of global population)
- 1.3 billion** # of Internet Users (49% of population; GCC 95%; Sub-Saharan Africa 60%)
- 166 million** # of eShoppers (12% of internet users versus 43% global average)
- 2.8%** % of eCommerce versus Offline Retail (compared to 14.1% global)

*MEASA includes following countries by region: Middle East GCC: Saudi Arabia, United Arab Emirates, Oman, Bahrain, Kuwait, Qatar; Middle East Other: Yemen, Turkey, Iran; Middle East Levant: Jordan, Lebanon, Syria, Iraq, Palestine; North Africa: Morocco, Algeria, Tunisia, Libya, Egypt; Sub-Saharan Africa: Kenya, Uganda, South Africa, Nigeria, Tanzania; South Asia: Afghanistan, Pakistan, India, Bangladesh, Sri Lanka. Report focuses on B2C product eCommerce market (B2C services and B2B eCommerce not included).

Data sources: eCommerce sales - DinarStandard analysis based on baseline UN ICP data, World Bank Household and NPISH; Projections - DinarStandard analysis based on GDP growth and secondary research; Top 100 MEASA eCommerce list - based on monthly unique visitor traffic data from the Similarweb database (May 2020) with a wider screening through Alexa Website Traffic Stats; Internet users, shoppers and population data - UN, UNCTAD, ITU. Detailed methodology in Appendix.

Top 100 MEASA eCommerce Companies

Region	No. of Sites	Top Sites				
ME Other	29	Trendoyl	Hepsiburda	N11	Digika	Çiçek Sepeti
Africa	26	Jumia	Takealot	Makro	Builders	Game
Non- MEASA	21	Amazon	Samsung	Ebay	AliExpress	Apple
South Asia	15	Flipkart	Shopclues	Myntra	Snapdeal	Ajio
ME GCC	9	Noon	Jarir	Sharaf DG	Luluwebstore	CentrePoint



Top eCommerce Innovation Trends

(Current and Future Trends)



**Product/
Sourcing**

Direct-to-Consumer (DTC)

Cross-border shopping



**eCommerce
Platform**

mCommerce

Omni-channel

B2B eCommerce
A.R. and V.R.



**Logistics/
Distribution**

Supply chain automation

Delivery automation



**Customer
Engagement**

Predictive analytics

New payment options

Robots for customer service

Report Purpose and Methodology



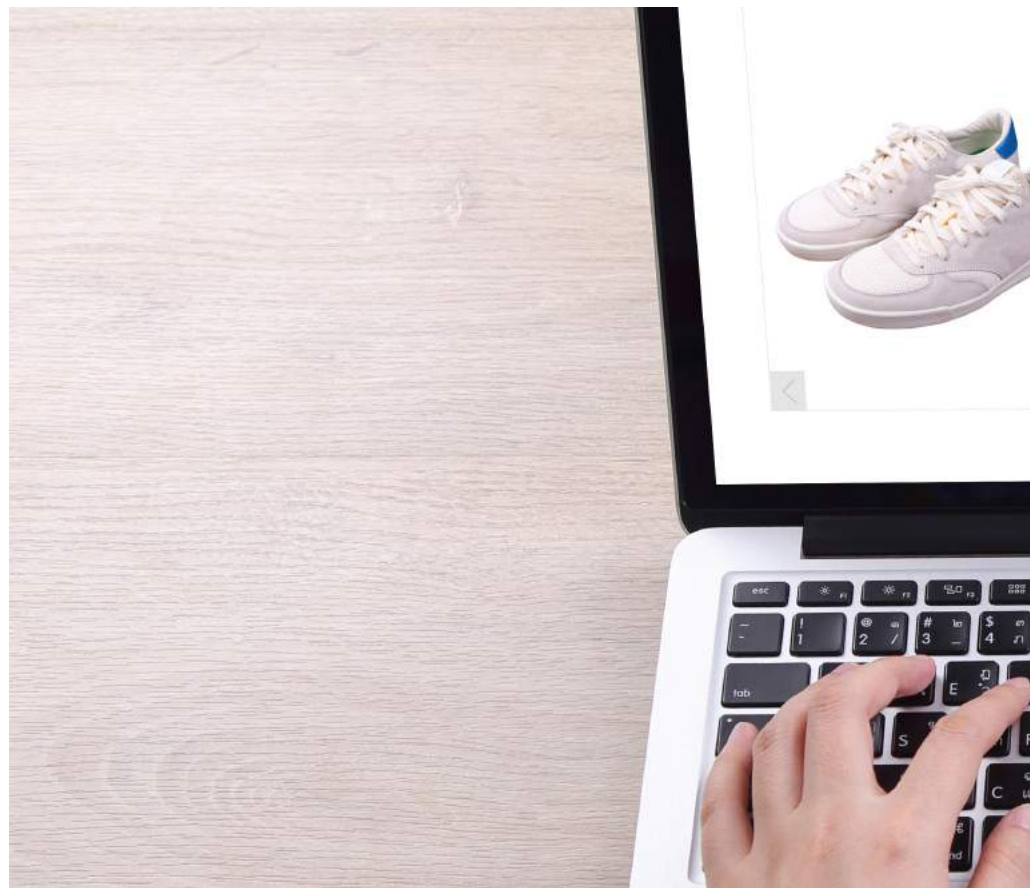
Overview

This report covers eCommerce activity across 29 closely linked countries in the Middle East, Africa, and South Asia – MEASA region. These countries are categorized into six sub-regions of Middle East GCC, Levant, Middle East Other, North Africa, Sub-Saharan Africa, and South Asia. These countries have been trading partners throughout history, sharing customs, traditions, and languages that have developed deep economic opportunities and connectivity. The region has a population of around 2.7 billion people, representing 36% of the global population in 2019. Its population has been growing at 1.6%, faster than the worldwide growth of 1.3% past seven years.

B2C products focus: It is important to note that this report focuses on the fast-growing B2C product eCommerce market, highlighting regional leaders, key growth drivers, opportunities, and challenges. B2B eCommerce is an entirely separate significant market and not in the scope of this report.

- Middle East GCC (ME-GCC): Saudi Arabia, United Arab Emirates, Oman, Bahrain, Kuwait, Qatar
- Middle East Other (ME-Other): Yemen, Turkey, Iran
- Middle East Levant (ME-Levant): Jordan, Lebanon, Syria, Iraq, Palestine
- North Africa: Morocco, Algeria, Tunisia, Libya, Egypt
- Sub-Saharan Africa: Kenya, Uganda, South Africa, Nigeria, Tanzania
- South Asia: Afghanistan, Pakistan, India, Bangladesh, Sri Lanka





Report purpose and objectives

The main purpose of the MEASA eCommerce Landscape: B2C Products Edition report is to inspire and drive international and regional eCommerce players to benefit from the high-growth MEASA eCommerce opportunity.

The report has the following objectives:

- Present a global picture of eCommerce, other digital mediums and how disruptive technologies will shape digital commerce over the next five years
- Provide a geographically segmented view of the MEASA eCommerce opportunity, core trends, and expected developments over the next five years
- Illustrate the landscape of local and regional industry participants across eCommerce and other digital mediums, including enabling ecosystem

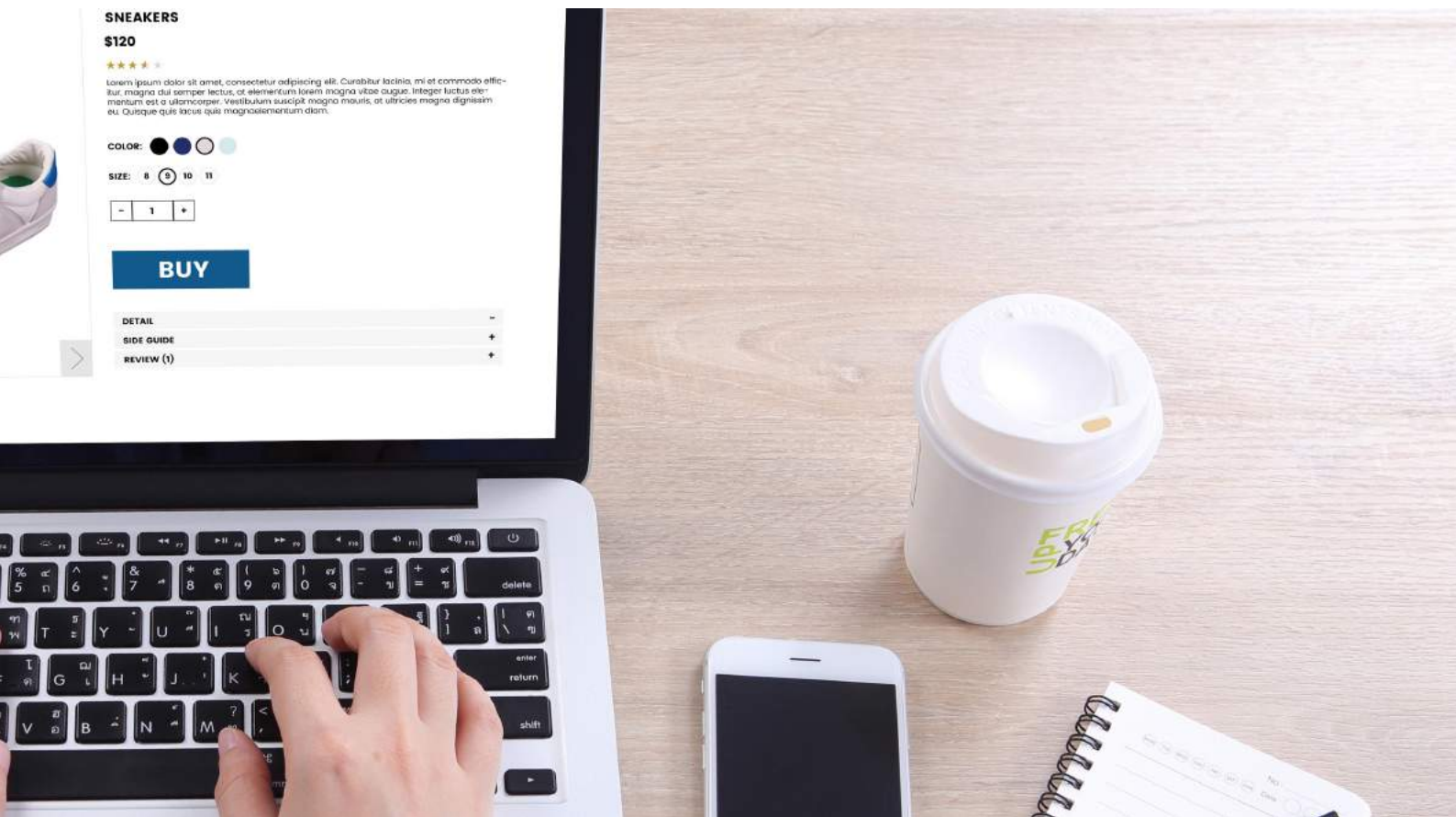
- Highlight strategic enablers of eCommerce in the MEASA region, notably Free Zones and the UAE's logistical importance
- Present a practical strategic roadmap for international businesses, entrepreneurs, and investors to engage with the regional opportunity

Methodology

This report applies both qualitative and quantitative methods to its primary and secondary research.

• Market Sizing

The report presents an original analysis of MEASA eCommerce spending data as well as its projections. The market sizing was derived primarily by leveraging baseline data from global entities and sources such as: World Bank ICP data, ITU (International Telecommunication Union (ITU)), and eMarketer. (See Appendix for detailed methodology)



• Top 100 Methodology

The report presents an original listing of Top 100 eCommerce companies operating in the MEASA region. Data is leveraged to evaluate monthly unique visitor traffic data from the Similarweb database (May 2020) with a broader screening utilizing Alexa's top 500 list per country. Other national and regional sources were used to validate the list. Key criteria of inclusion on the list were: B2C/C2C companies with products or product management, while no services companies were included (e.g., travel booking, job listing, etc.); only parent companies are included (e.g., Amazon) unless operating with a distinct brand name in select markets. (See Appendix for detailed methodology)

• Interviews

The following interviews were conducted across the region to get first-hand perspectives:

- Mr. Geoff Walsh, Country Manager DHL Express UAE
- Mr. Hadi Raad, Regional Head of Digital Solutions Central and Eastern Europe, the Middle East, and Africa (CEMEA), VISA
- Mr. Firas Ahmad, CEO AzamPay (East Africa)

• Secondary Research

In addition to the above research methods, a comprehensive review of existing research and reports by various industry publications and research houses was carried out. Over 40+ sources were reviewed that cover both global and regional eCommerce trends, challenges, and projection insights.

• Innovation Tracker and Custom frameworks

DinarStandard's proprietary Innovation Tracker database was employed to identify and frame future innovation opportunities across the global eCommerce value chain. A custom evaluation framework was also developed, providing a full view of the MEASA eCommerce opportunity.

Global eCommerce Overview



Introduction

In this 4th Industrial Revolution, in which lifestyles are digitizing, electronic commerce (eCommerce) is gaining prevalence in the business sphere, where goods and services are bought and sold over digital networks (the internet). From business to consumer (B2C) to business to business (B2B), eCommerce is becoming a pivotal point for global business players.

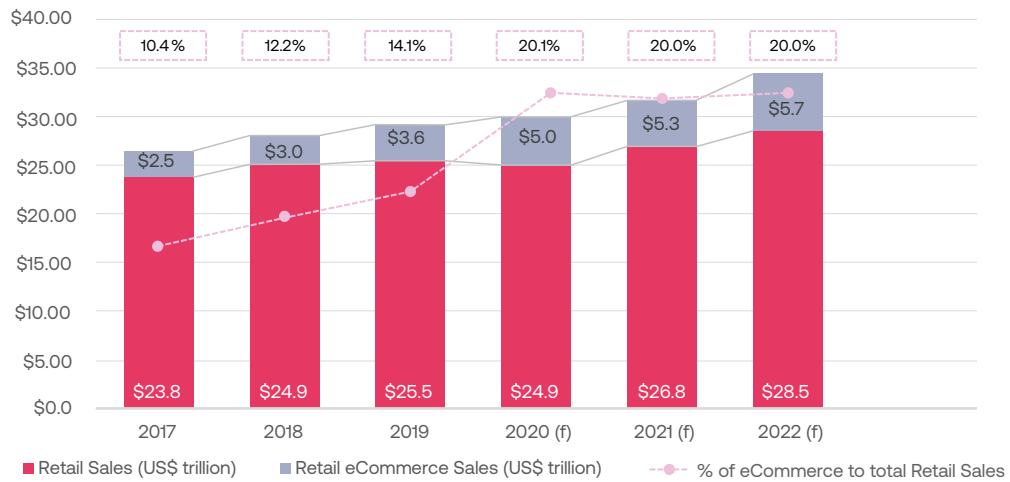
With the focus on B2C Commerce, before diving into the state of eCommerce in the MEASA region, it is vital to contextualize regional opportunity with global eCommerce trends, developments, and opportunities.

This section provides an overview of the worldwide eCommerce market size and landscape, key players, and eCommerce value chain.

1. Global Market Size and Landscape

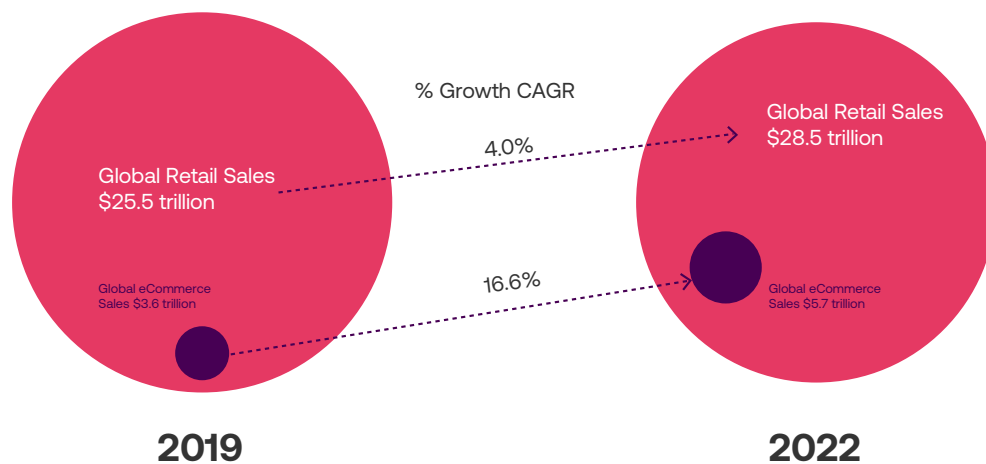
Global eCommerce Market Size

Global B2C Products eCommerce Sales, 2017-2022



Source: World Bank, IMF, DinarStandard analysis

Global eCommerce Growth and Share



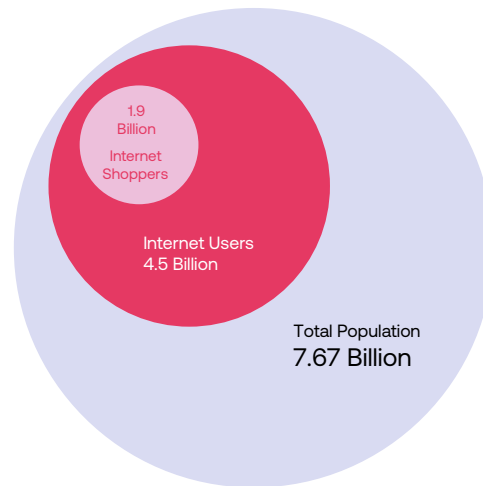
Source: World Bank, IMF, DinarStandard analysis

Global eCommerce sales as a percentage of total retail sales are growing steadily over the years. Valued at \$3.6 trillion in 2019 (14% of global retail sales), eCommerce sales are projected to reach 20% of total sales, reaching \$5.7 trillion by 2022.

In terms of growth over the forecasted period 2019-2022, eCommerce sales are expected to expand more than the total retail sales at a compounded annual growth rate (CAGR) of 16.6%. Retail sales are projected to grow only by 4% CAGR, following a slight dip in 2019 and 2020, after which the retail market is expected to pick-up in the following years.

The forecasted eCommerce to retail sales ratio for 2020 is estimated at 20.1%. This is a 39% increase from 2019, and this exponential increase is expected primarily because of the COVID-19 crisis that has accelerated eCommerce spending. Further growth in the penetration rate up to 2022 is expected to remain almost steady, with eCommerce sales still covering 20% of total sales by 2022.

The other prominent reason for a growing trend in eCommerce sales is the increasing number of people gaining access to the internet, more than half of the global population in 2019. And of these internet users, 43% (or 1.9 billion individuals) are internet shoppers.



Source: UNCTAD, World Bank, ITU, DinarStandard analysis

Top Global Consumer eCommerce Spend by Category



Fashion and
Beauty
\$ 620



Electronics and
Media
\$ 457



Toys, DIY and
Hobbies
\$ 383



Furniture and
Appliances
\$ 317



Food and
Personal care
\$ 169



Video Games
\$ 83



Digital Music
\$ 14



Travel and
Accommodation
\$ 1.2

Values are in US\$ billions. Source: Statista

The top ten eCommerce consumer spend categories in 2019 made up around \$2 trillion of spend globally. Consumers spend the highest on fashion and beauty products, at \$620 billion, followed by electronics and media at \$457 billion. Other top categories include toys, DIY and hobbies; furniture and appliances; food and personal care; video games; digital music; and travel and accommodation.¹



Top eCommerce Markets and Players



China has become the largest eCommerce market globally, with \$1.93 trillion sales in 2019, surpassing the U.S. by more than a trillion dollars. In fact, eCommerce sales as a percentage of China's total retail sales account for 35%, which is also the highest in the world.

U.S. eCommerce sales are \$587 billion, followed by the U.K. with \$142 billion in sales. India has recorded the highest year-on-year growth rate at 32%, accelerating from \$35 billion in 2018 to \$46 billion in 2019.

Top Retail eCommerce Players

Although China has the largest share of the eCommerce sales market, U.S.-based Amazon is the largest e-tailer by \$86 billion sales globally. The second on the list, China-based JD.com, recorded \$70 billion in sales. The top five e-tailers account for more than \$225 billion in global sales in 2019 and belong to the U.S. and China. Many other eCommerce players are also emerging with strong sales and revenue. These include Dell Technologies (U.S.), Vipshop Holdings (China), Otto Group (Germany), Gome Electrical Appliances (China), and Macy's (U.S.).²

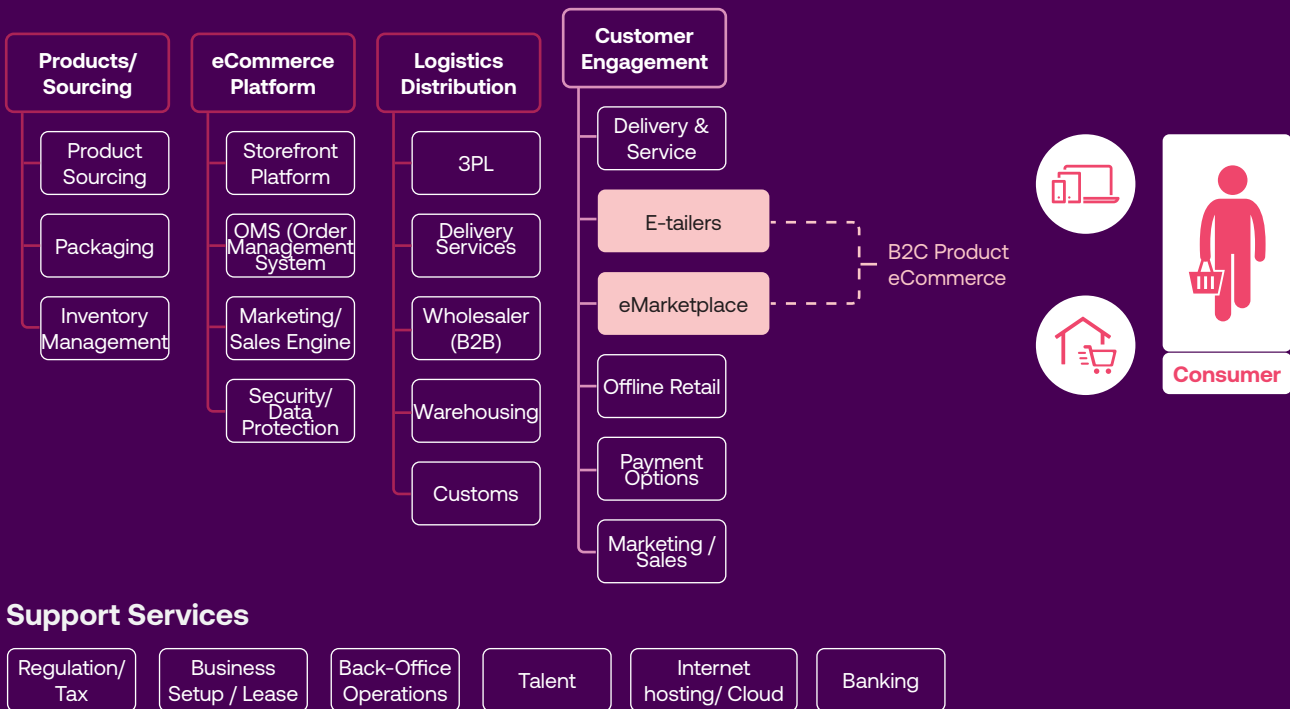
Top Countries by Retail eCommerce Sales 2019

Values are in US\$ billions. Source: eMarketer



Source: Forbes, ecommerceDB

B2C Product eCommerce Value Chain Framework



Source : DinarStandard's Product eCommerce Value Chain Framework, 2019

The B2C eCommerce market comprises many industry players that play a crucial role in upholding the entire system and enabling value creation for the consumer. These players can be broadly classified into five segments: products/sourcing, eCommerce platform, logistics/distribution, customer engagement, and support services.

This report leverages this eCommerce value chain to help identify the growth and opportunity areas around the eCommerce market.

1. Products/Sourcing:

This is the production and manufacturing phase, where stakeholders source products and plan packaging and inventory management. This is a crucial stage of the value chain, as value for money is created through differentiated products that meet consumer demands.

2. eCommerce Platform:

Another important section of the value chain that connects sellers to buyers, a robust and secure eCommerce storefront platform, and Order Management System (OMS) will result in high trust among consumers and other key stakeholders.

3. Logistics and Distribution:

This phase of the value chain enables the delivery of goods to customers in a timely and secure manner. Players such as 3rd Party Logistics providers (3PL), delivery services, wholesalers

(B2B), warehousing, and customs providers.

4. Customer Engagement:

This is a critical stage that can help encourage customer participation and trust in eCommerce. This is where B2C Product eCommerce retailers and eMarketplaces are placed in the value chain, along with other players like offline retailers/ omnichannel retailers, delivery services, after-sale services, and finance providers. They can help by providing a secure platform, awareness, and various payment options.

5. Support Services:

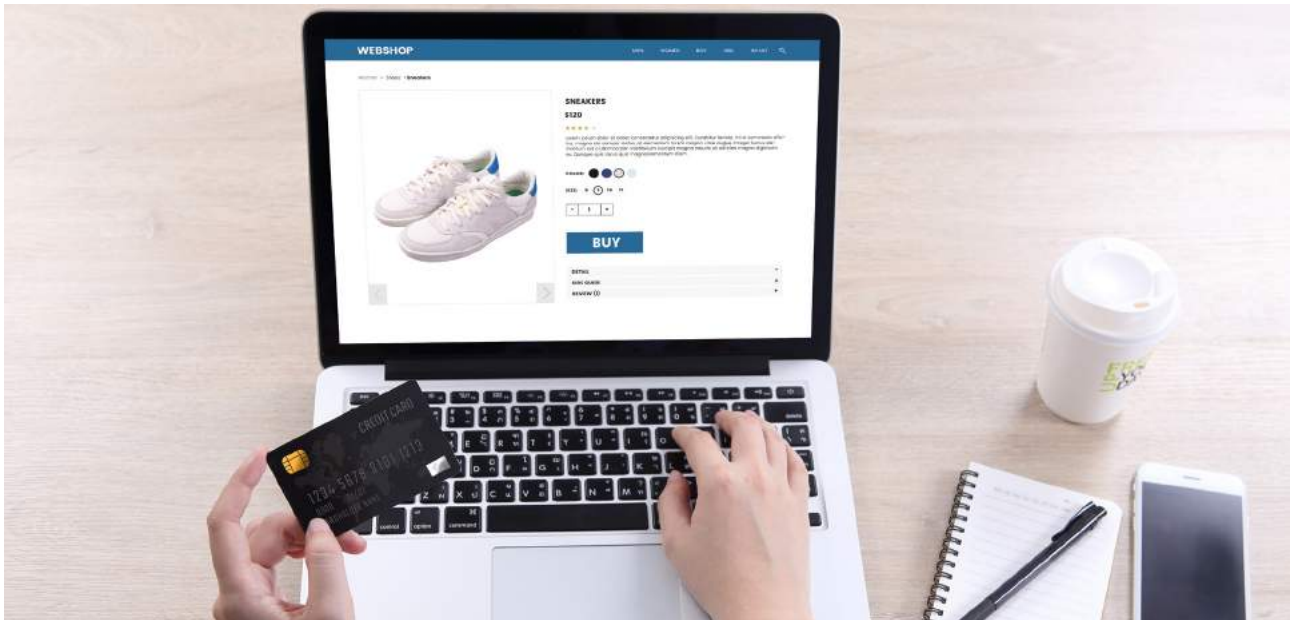
The ecosystem enablers and support services include regulations support (such as taxation), business setup and lease support, back-office operations, talent acquisition, cloud management, and financial services.

2. Global eCommerce Innovation Trends

The 4th industrial revolution has introduced breakthrough technology-led innovations that are also disrupting the eCommerce space. This section provides an overview of the current innovation trends in global eCommerce that are gaining traction and accelerating. It also discusses the future eCommerce trends that are building momentum and set to become mainstream in the next five years. By 2040, it is thought that approximately 95% of all

purchases will be facilitated via eCommerce.³ In the previous edition of the report, we looked at both near-term eCommerce trends (0-5 years) and long-term eCommerce trends (6-20 years). In this edition, we concentrate on near-term trends up to 2025.

The basis of this evaluation comprises four key technology megatrend categories⁴ that will impact the global eCommerce value chain.



Key Technology Megatrends

The basis of this evaluation are **four key technology megatrend categories⁴** that will impact the global eCommerce value chain.

- **Connectivity Backbone**, which includes the Internet, Internet of Things, Internet of Healthcare Things, Blockchain and the Cloud.

- **Computation, Decision, and Automation**, which includes Big Data & HPC (High Performance Computing), Spintronics, Artificial

Intelligence, Machine Learning & Cognitive Science, Autonomous Navigation, Robotics and Automation.

- **Power, Matter and Space**, which includes 3D Printing, Materials & Polymers, Green Technology, Nuclear Energy, and Space Technology.

- **The Body**, which includes Augmented Reality, Virtual Relation and Bio-Technology.

Analyzing the role of these emerging technology megatrends on eCommerce value chain, we have identified and selected the following Top 10 Future of eCommerce Innovation Trends.



Analyzing the role of these emerging technology megatrends on the eCommerce value chain, we have identified and selected the following top eCommerce innovation, current, and future trends.

Top eCommerce Innovation Trends



Top current trends accelerating



eCommerce Platform

- mCommerce
- Seamless omnichannel experiences
- B2B eCommerce



Logistics / Distribution

- Supply chain & warehouse automation



Customer Engagement

- Personalization & predictive analytics



Top future trends building momentum



eCommerce Platform

- Social Commerce
- Voice shopping
- A.R. and V.R.



Logistics / Distribution

- Delivery automation



Customer Engagement

- Robots for customer service
- Environmentally conscious shoppers
- New payment options
- Retail technology disruption



Other trends



Product / Sourcing

- Subscription services and D2C
- Cross-border shopping
- Product customization and private labels



eCommerce Platform

- Headless commerce
- Increased marketplaces



Top Current eCommerce Innovation Trends

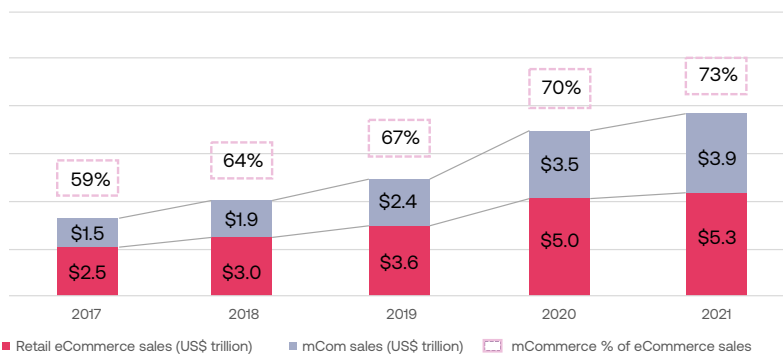
The following are the current top eCommerce trends that have started to mainstream and are continuing to accelerate.

mCommerce

Mobile Commerce, or mCommerce, is an increasingly popular eCommerce medium.

It entails using applications on smartphones or tablets to buy and sell products online. Currently, mCommerce takes up 67% of the total eCommerce retail sales. It is estimated to reach to 72.9% by 2021.⁵

Global mCommerce Sales



Source: World Bank, IMF, DinarStandard analysis

Seamless omnichannel experiences

Customers may visit multiple channels during their shopping process, starting at one channel and buying at another. As per Google, six in ten internet users start shopping on one device but continue or finish on a different one.⁶ Brands must provide a

consistent customer experience across all channels, from social media and websites to physical stores. Providing a smooth and consistent omnichannel experience is key, and currently, at least 52% of eCommerce businesses globally have omnichannel capabilities.⁷

Sephora SEA, for instance, partnered with Dynamic Yield to create a seamless omnichannel personalized experience using A.I. and ML. Just six months after using the technology, Sephora SEA implemented 82 live experiences yielding a 6x ROI.⁸



B2B eCommerce

B2B eCommerce constitutes a larger share of the global eCommerce market, at least twice as large as B2C eCommerce. From \$7.7 trillion in 2017, B2B eCommerce sales are projected to hit \$9 trillion in 2021.⁹ B2B eCommerce minimizes the hassle of manual processes and allows the business to sell products and manage distribution digitally. With the increasing interest in B2B eCommerce, businesses need to adopt a more seamless and tech-driven advanced functionality to manage quotes, price negotiation, ease ordering, and inventory management.

Supply chain and warehouse automation

Certain technologies can disrupt supply chain management and

help increase efficiencies. These technologies include robotics, IoT, blockchain, Artificial Intelligence (A.I.), and Machine Learning (ML). Robotic Process Automation (RPA) can help automate repetitive tasks efficiently. There are around 3,200 robot-enabled fulfillment centers globally,¹⁰ and spending on robotic process automation (RPA) software is expected to increase to \$2 billion by 2021, from \$1.4 billion in 2019.¹¹ Likewise, Artificial Intelligence (A.I.) could also bring business gains in supply chains of up to \$2 trillion.¹²

Personalization and Predictive Analytics

Artificial Intelligence (A.I.) and Machine Learning (ML) technologies offer a host of opportunities to deliver personalized recommendations and relevant content to

consumers. Big data allows retailers to study consumer behavior and preferences to provide customized services. Amazon, for instance, uses A.I. algorithms to make customized clothing recommendations based on user preferences and social media behavior.¹³

Global spending on A.I. technology is expected to double over the next four years, from \$50 billion in 2020 to more than \$110 billion in 2024.¹⁴ The Middle East and Africa (MEA) would spend around \$374 million in 2020, of which the top three countries are South Africa (20.5%), the UAE (19.7%), and Saudi Arabia (15.7%).¹⁵





Top Future eCommerce Innovation Trends

The following are the current top eCommerce trends that have started to mainstream and are continuing to accelerate.

Social commerce

Social commerce is the use of social media networks for online shopping. For many buyers, social media is the first point of contact with a potential retailer, where they read more about the brand and user reviews. The “Buy” button trend on social media is increasing, and many social networks are likely to adopt it in the future. Online stores with a strong social media presence get 32% more sales on average than those with a weak social media presence or none at all.¹⁶ Some famous social commerce platforms are Pinterest, Instagram, Facebook, and TikTok. Pinterest recently launched its “Verified Merchant” program to maximize the availability of Shoppable Pins and connect Pinners through products.¹⁷

Voice shopping

Voice shopping is another eCommerce trend that is gaining traction, especially with the increasing popularity of smart home speakers like Google Home and Amazon Echo. Users can employ voice features to search, compare, and buy products verbally.

In the future, we are more likely to see a strong integration of Augmented Reality (A.R.) with voice shopping.

Turkey-based modest fashion brand, Sefamerve, in cooperation with Facebook and Mastercard, launched a WhatsApp Business chatbot to enable voice shopping, too.

This increased the conversion rate from 2% to 14%.¹⁸

Augmented Reality and Virtual Reality

Augmented Reality (A.R.) and Virtual Reality (V.R.) technologies use sensory devices to virtually modify the real-world environment or provide a complete simulated environment that gives a close to reality experience. These tools are now disrupting sectors beyond the gaming industry to sectors such as eCommerce, real estate, and healthcare.

While the AR/VR market size is projected to reach \$18.8 billion in 2020 (from \$12 billion in 2018), retailers and select manufacturers are to spend the most on these technologies, from \$1.4 to 1.5 billion.¹⁹ Golden Scent, a leading Saudi Arabian eCommerce beauty platform, was the first in the Middle East to launch the A.R. feature on its mobile app in 2018, allowing users to virtually try-on makeup without the need to visit a retail store physically. The app now has more than three million downloads.²⁰

Delivery innovations

P2P logistics network: Logistics players can virtually connect and collectively manage deliveries efficiently by creating a P2P (peer-

to-peer) network. It also allows the handover of parcels among delivery players for cross-border shipments. Alibaba’s Cainiao smart logistics network is an example of such collaboration.

Same-day and free delivery:

One of the main determinants of abandoning digital shopping carts is long delivery time. Consumers are increasingly expecting quick deliveries, also called same-day or next-day delivery, and free shipping as crucial criteria for shopping online. Giant eCommerce players are investing more into their global supply chains to meet these goals and have been for a while. For example, in 2019, at least 65% of U.S. retailers began to offer same-day delivery.²¹ Amazon has also increased its same-day delivery for a wider range of products.

Drones for delivery: While delivery drones are still in their infancy, many giant eCommerce players have begun with pilots, such as Amazon, UPS, and Dominos.

Airline Garuda Indonesia plans to use drones to deliver goods across the country, and within five years (from 2019), it plans to test 100 unmanned aerial vehicles operating from 30 logistic centers.²²



Robots for customer service

Robots that are built on A.I. and ML algorithms continuously learn from customer conversations to provide a better and more personalized user experience. This saves time and expenses by automating customer support. A growing number of shoppers prefer to converse with bots due to their availability and quick response. For instance, New Zealand's Soul Machines are replacing human customer service agents. Around 40% of all their customer service interactions are undertaken by robots and are learning from every interaction.²³

Environmentally conscious shoppers

Consumers are more informed when looking for green products, and sustainability has grown as an emerging demand factor. For instance, around 70% of U.S. businesses believe customers are demanding more environmentally considerate solutions in terms of renewable energy. This need has accelerated further during the current pandemic, with 43% of businesses believing that their sustainability investments have positively impacted the period.²⁴ Technologies like blockchain can provide solutions to tracing products from provenance and increasing consumer confidence.

New and flexible payment options

Currently, digital wallets such as Google Pay, PayPal, Apple, or Samsung Pay, are widely implemented by eCommerce businesses. Other emerging payment options, like cryptocurrency, can help build trust, increase speed, security, and cost-efficiency.

China's WeChat Pay introduced its "Frog Pro" device, which has a 3D depth-sensing camera, allowing customers to scan their faces to payments.²⁵



Almost 50% of global shoppers were using digital payments pre-pandemic, and the majority will continue doing so.²⁶ Digital and mobile wallets were prevalent in global POS payments, accounting for 22% in 2019, and will account for nearly a third of worldwide consumer payments in the next five years.²⁷

The changing face of retail to a truly omnichannel experience

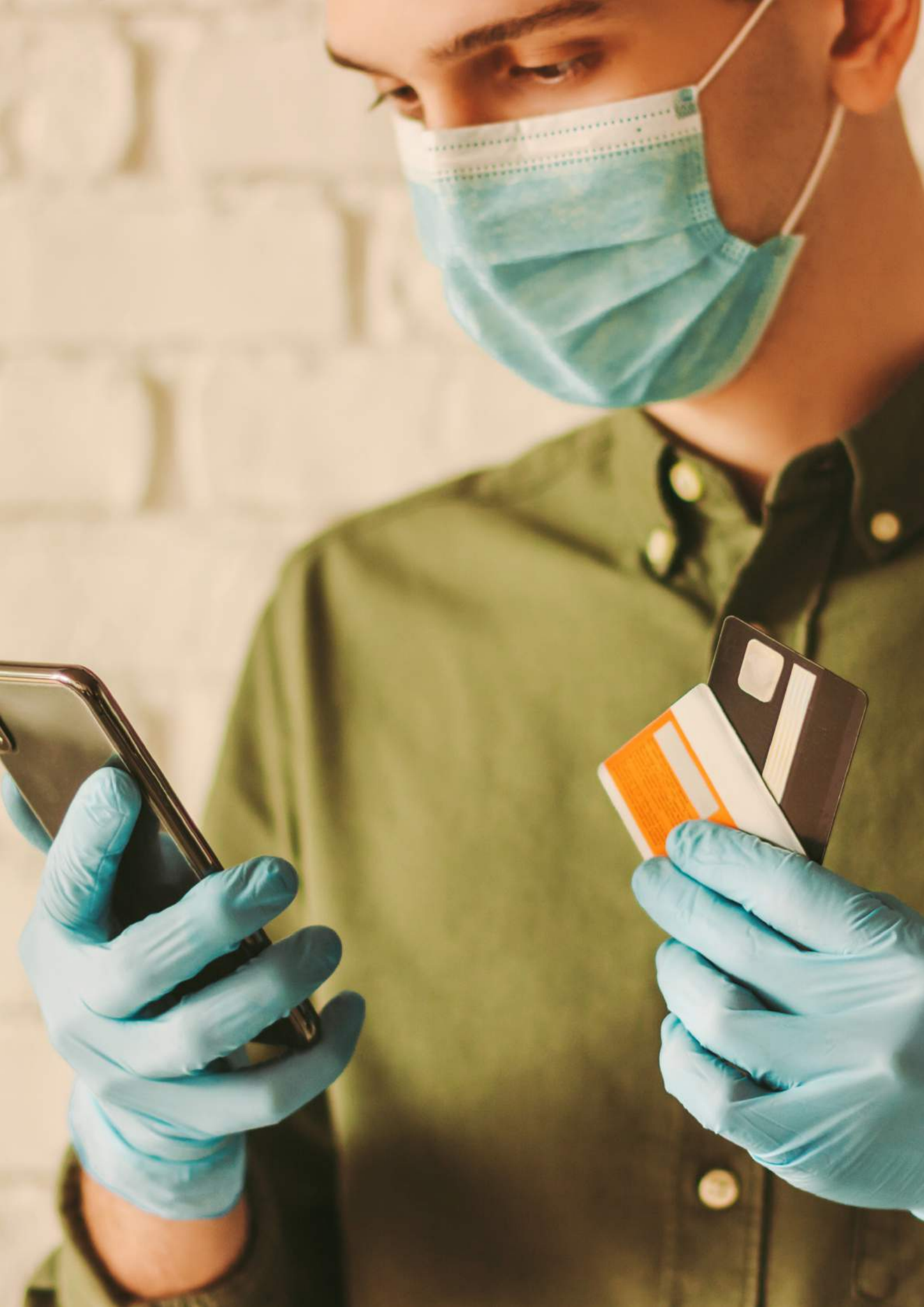
With evolving consumer behavior and the preference for a blend of digital and physical experience, the omnichannel approach to retailing will become increasingly important in the coming years. Ecommerce sales are predicted to be 20% of total retail sales in 2022, from 10% in 2017, suggesting that physical stores still have a major presence²⁸.

In fact, COVID-19 further demonstrated the importance of the physical store experience, with many retailers experiencing significant revenue loss from the temporary closure of stores.

Fifteen years ago, consumers typically used two touchpoints when making a purchase decision, and only 7% regularly used more than four. Today, consumers use almost six

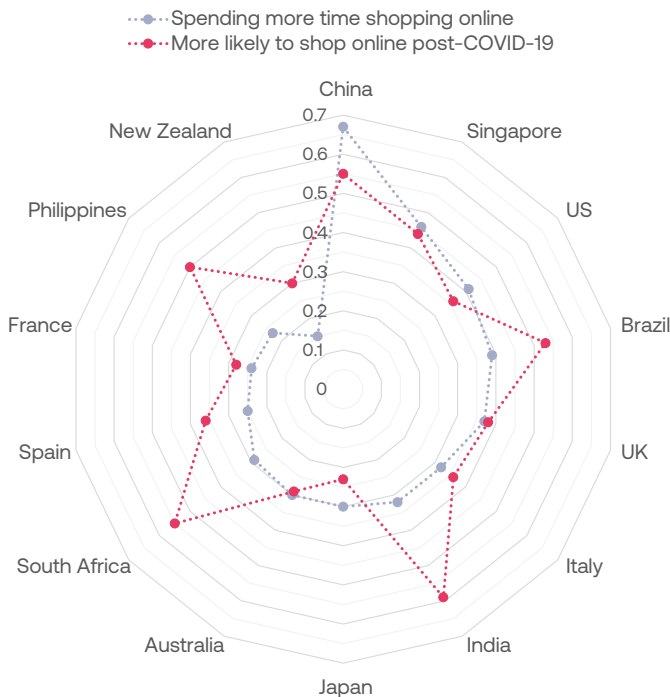
touchpoints on average, and nearly 50% regularly use more than four.²⁹

These trends suggest a need for diversity in the digital eCommerce platforms used, with a blend of the physical store experience. Seamless customer experience is not about being everywhere for everything, but using the right blended channels and top-notch technologies for user satisfaction.



COVID-19 Impact on eCommerce

COVID-19 eCommerce Spending Trend



Source: WeAreSocial - Digital 2020 April Global Statshot Report



The COVID-19 pandemic has accelerated eCommerce worldwide. The figure on left shows the extent to which consumers in some of the world's largest developing economies are spending more time shopping online and consumers are most likely to continue this behavior post-COVID-19. Among the top countries that are seeing a rise in eCommerce are China (67%), Singapore (46%), and the U.S. (41%). While consumers that are most likely to shop online more frequently post-COVID-19 come from Asia-Pacific and Africa – India (59%), China (55%), South Africa (55%)

Consumer eCommerce Products

Globally, there is an increasing trend towards online shopping, especially for food, groceries, and essentials. A survey by GlobalWebIndex (from select countries) shows that 62% of consumers are shopping more for food-related items and essentials.³⁰

The concept of “Restaurmar” is emerging – restaurants, badly hit by COVID-19, are mixing with grocery stores. Theodore’s, for instance, introduced Ted’s Grocer to sell online groceries. On

the other hand, the travel sector is the most hit, with at least a 50% drop in airline revenues compared to 2019.³¹

There are strong signals that the online grocery shopping jump will be sustained as customers get used to its convenience and new linked innovations come into the market. For travel and other impacted sectors, personalized and predictive analytics could help better understand and comply with consumer safety needs.³²

Global internet users who say they are shopping more online for each product



Source : GlobalWebIndex Coronavirus: insights from the second wave of our multinational study



Trends that may impact eCommerce significantly

Topic	Time Period		Sectors Most Impacted
	Impact of Crisis (1 year)	New Normal (1-3 years)	
Customer behavior			
Spending habits	Spending mostly on essentials only	Price sensitivity and saving, cutting back on non-essentials, spending less outside of the home	Food (groceries), Hygiene, Wellness, Home, Finance (Banking)
Online shopping	Surge in online purchasing, especially grocery	Increased online shopping to some extent	Food (groceries), eCommerce, Supply chain (delivery)
Digital engagement	Higher digital engagement: more media consumption, connecting virtually for social, work, or health reasons	Relaxing /unwinding at home more, continued increase in telemedicine, partial remote working	Media, Social Media, Digital Media, Healthcare, Technology, Travel (business)
Response to business social responsibility	Consumers respond positively to businesses that conduct social responsibility	Consumers may expect businesses to continue social responsibility	All
Industry			
Essential businesses	Positively affected: trying to keep up with demand	Value and discount retailers will likely fare better than other businesses	Food (grocery), Healthcare, Pharma, Wellness, Digital services
Non-essential businesses	Negatively affected: some fear they will close permanently	Negatively affected: likely demand reduction in non-essentials throughout the recession period. Value and discount retailers will likely fare better than other businesses	Food (restaurants, bars), Entertainment (physical), Retail (clothing and accessory, cosmetics, luxury goods), Travel and Tourism, Oil and Gas, Real Estate, Automotive
Supply chain	Chaos/Mayhem: critical shortages, heavy massive delays caused by a few ports, crops are being thrown out, looking to move supply chains closer to home	Pressure to make supply chains more resilient: managing risk better, diversifying, manufacturing closer to home	Food, Healthcare, Global trade/supply chain, Logistics
In recovery period, as the economy reopens: again :			
Revenue	Reignite business revenue while minimizing pandemic risks to customers	Companies that were negatively affected will have a slower recovery. Collapsing sectors will have a long recovery	All, Collapsing sectors (Travel and Tourism, Oil and Gas, Real Estate)
Automation	Consider more automated tasks/workers	Work tasks or jobs are more automated, some company headquarters may shift to the cloud	Manufacturing, Food (service), Healthcare, Education
Government			
Supply chain	Need to secure enough essential supplies (food, medical equipment), while trying to keep supply chains moving	Becoming more self-sufficient, making supply chains and manufacturing more resilient and closer to home, managing risk better	Economic Affairs
Climate change	A significant reduction of pollution around the world	The potential to rebuild cities for the better (transportation, infrastructure, internet), and attempts to phase out fossil fuels	Environmental Protection, Transportation, Infrastructure, Internet

MEASA Region eCommerce



Overview

This report considered 29 countries across the Middle East, Africa, and South Asia regions. With 2.7 billion individuals, the area accounts for 36% of the global population. The MEASA region has seen continued growth in its retail market size, especially within the GCC, North Africa, and South Asia regions. In 2019, the regional GDP amounted to \$8.6 trillion³³.

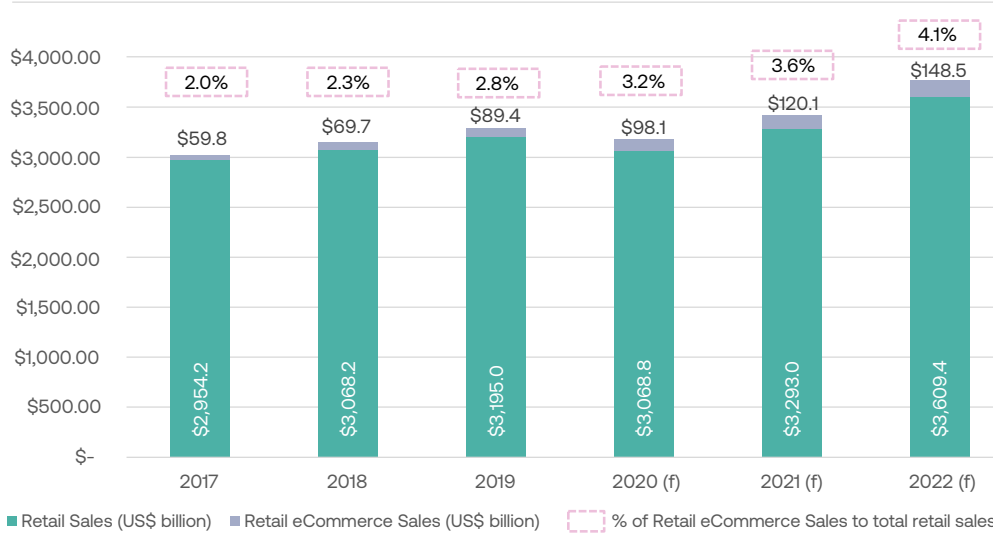
This section presents the original analysis-based estimation of eCommerce spending across each of the markets and sub-region levels. It also shows the projected growth of eCommerce through 2022, considering the impact of COVID-19. To give a clear view of the distinct growth drivers and challenges, the report identifies seven key growth drivers and seven key challenges.

1. Regional eCommerce Market Size and Landscape



Significant and fast eCommerce growth spurred by COVID-19

MEASA B2C Products eCommerce Sales, 2017 -2022



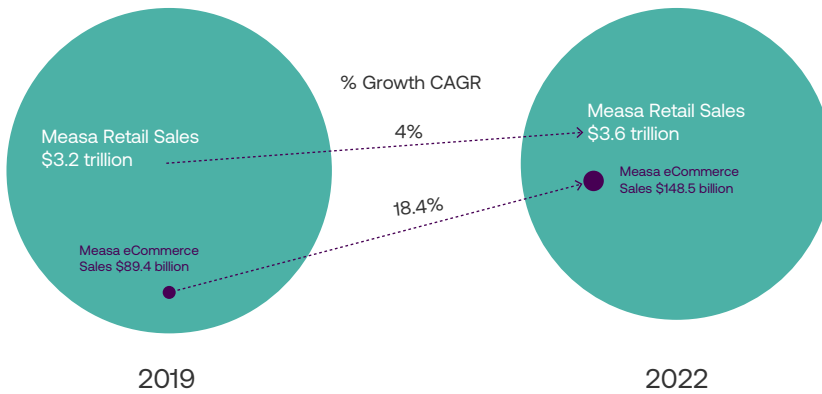
Source: World Bank, IMF, DinarStandard analysis

The MEASA eCommerce market was estimated to be worth \$89.4 billion in 2019. This equates to 2.5% of the global eCommerce market. Although the growth rate for 2019 has declined, we expect the market

to show significant growth in 2020 due to the impact of COVID-19, with continued growth through 2022. Overall, the MEASA region has shown decent growth throughout the sub-regions.



MEASA eCommerce Growth and Share



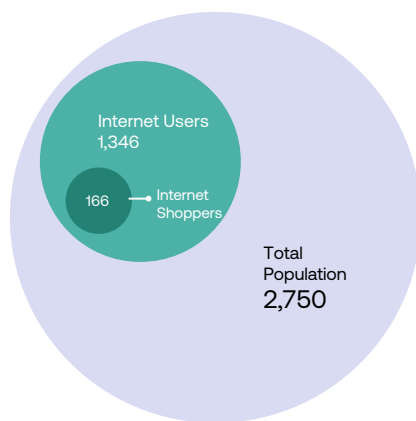
Source: World Bank, IMF, DinarStandard analysis

Internet Shoppers within the MEASA population, 2019

Of the 2.7 billion MEASA population, 1.3 billion are active internet users. This is 49% of regional internet penetration compared to the global 59%. The GCC sub-region has the highest levels of internet penetration, averaging 94%, while the South Asia sub-region averages 41%.

In 2019, an estimated 166 million, or 12% of internet users, in the MEASA region were internet

shoppers. This is significantly less than the global ratio of 43%. Within the sub-regions, the Middle East GCC and Middle East Other have the highest ratios of 35% and 33%, respectively. All the GCC countries are in the top ten countries in the MEASA region when ranked by the internet shopper to internet user ratio. With UAE ranking the highest at 59% of internet shopper per internet user.



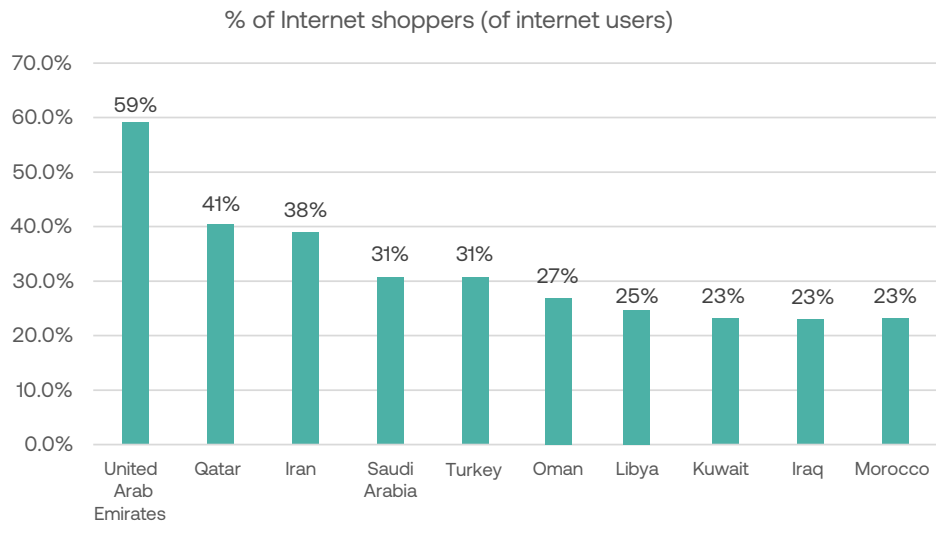
Values are in millions.

Source: UNCTAD, World Bank, ITU, DinarStandard analysis





Top 10 MEASA countries by Internet Shoppers per Internet User



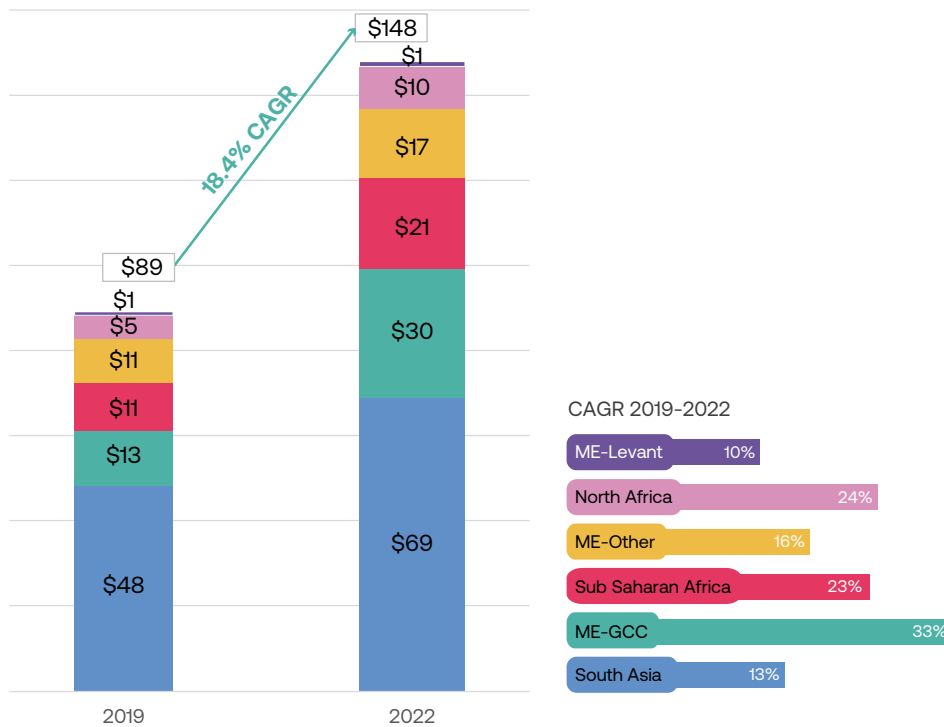
Source: UNCTAD, World Bank, ITU, DinarStandard analysis



Sub-regional View

MEASA eCommerce Sub-Regional Share

Values in US\$ Billion



Source: World Bank, IMF, DinarStandard analysis

Analyzing the sub-region level, South Asia accounts for the largest portion of eCommerce spend in the MEASA region, US\$ 48 billion size in 2019, followed by GCC (US\$ 13 billion) and Sub-Saharan Africa (US\$ 11 billion).

The GCC region is the fastest growing eCommerce market with a compounded growth rate of 33% over the forecasted period. Growth of the African markets is also proving their high eCommerce potential, with North Africa growing at 24%, and Sub-Saharan Africa at 23%.



Country Level View

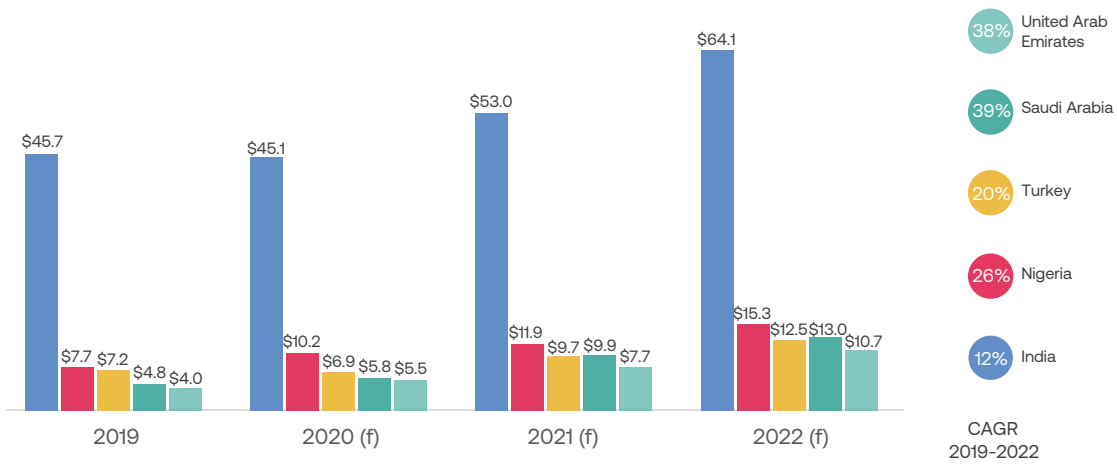
Top 10 eCommerce Markets in MEASA (US\$ billion)



Source : World Bank, IMF, DinarStandard analysis

India accounts for the largest eCommerce market size in the MEASA region with \$45.7 billion spend in 2019 and is expected to remain the largest market over the three years forecasted period. It is almost six times the size of the second-largest market, Nigeria, valued at \$7.7 billion. All the top ten MEASA markets maintain their positions throughout the forecast period, albeit in different rankings, with Saudi Arabia ascending to the third position by 2022, valued at \$13 billion.

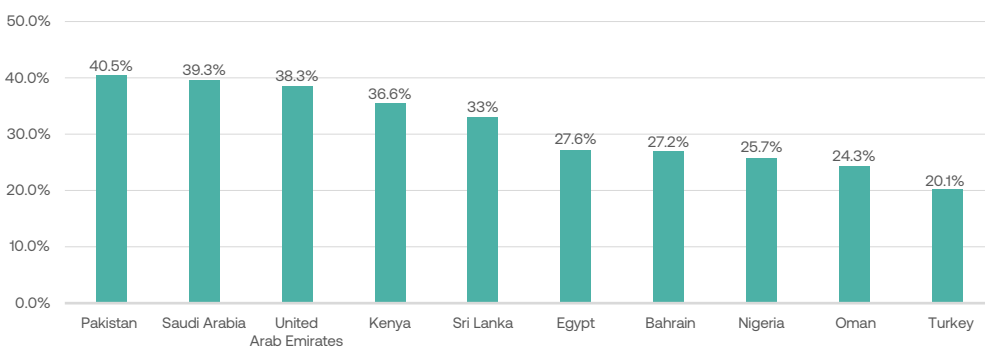
Top 5 eCommerce Markets in MEASA (US\$ billion)



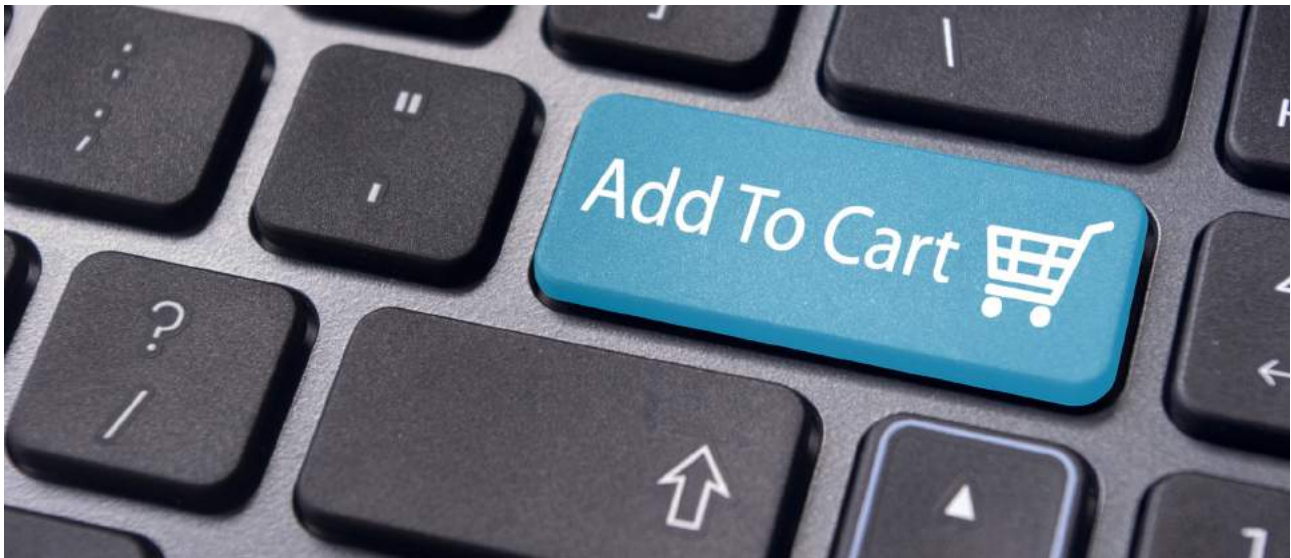
Source: World Bank, IMF, DinarStandard analysis



Top 10 MEASA eCommerce Markets by CAGR 19-22



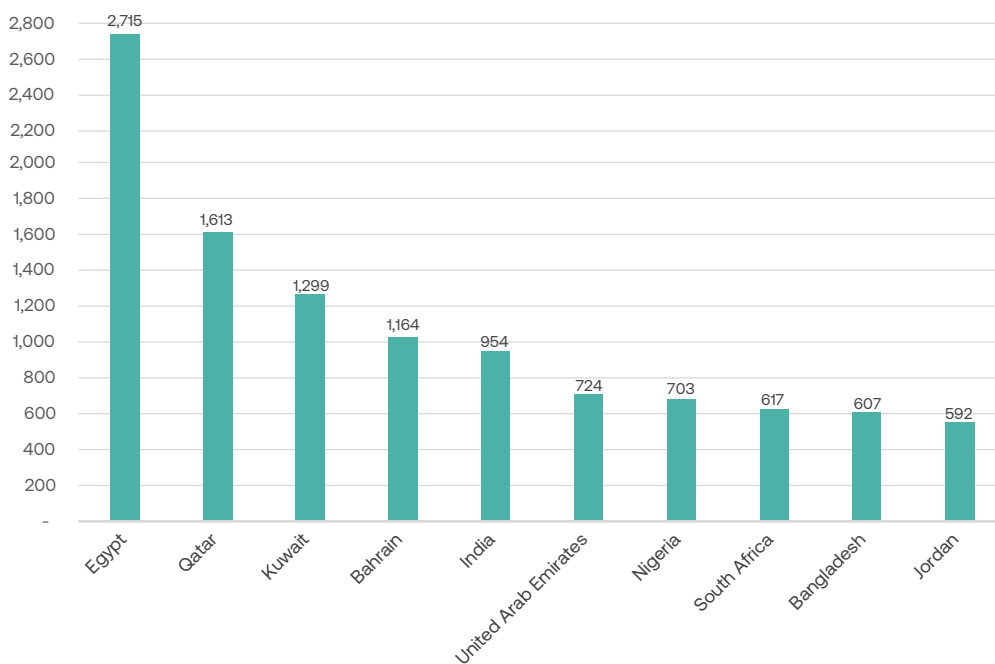
Note: Countries with greater than US\$ 100 million eCommerce market size were considered.
Source: World Bank, IMF, DinarStandard analysis



When comparing the compounded growth rate for countries in the MEASA region for 2019 to 2022, Pakistan is the fastest growing eCommerce market at the rate of 40.5%. This followed by Saudi Arabia and UAE at 39.3% and 38.3%, respectively. Apart from

the Middle Eastern countries, African countries are also on par, with Kenya growing at 36.6% and Nigeria at 25.7%. This demonstrates the strong growth taking place in these developing regions as they improve internet connectivity, payment, and delivery options.

Top 10 MEASA eCommerce Markets by spend per shopper (US\$)



Source: World Bank, IMF, DinarStandard analysis

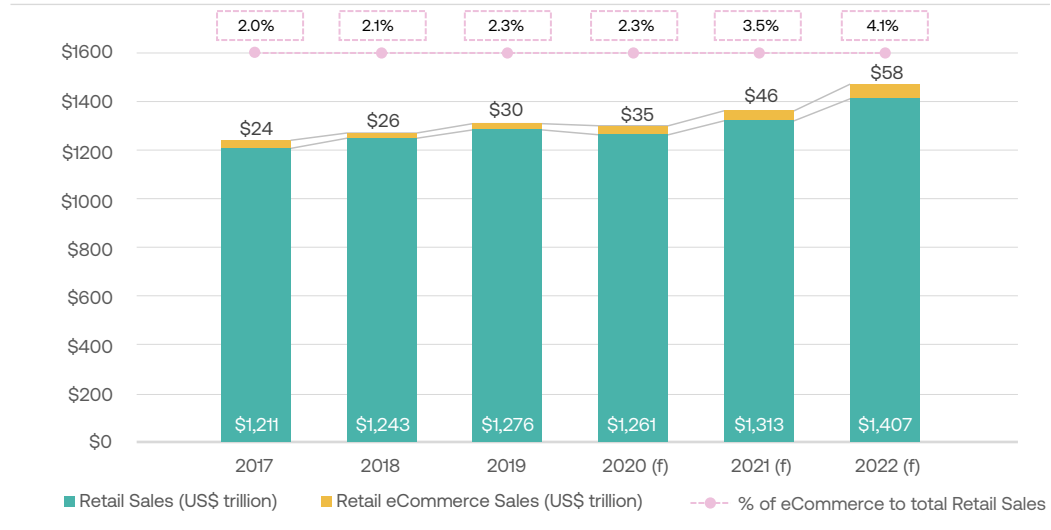
In 2019, Egypt had the highest spend per shopper in the region, at US\$ 2,715. GCC countries like Qatar, Kuwait, Bahrain and UAE were also among the top 10. South Asian countries were also found high, with India securing 5th position with US\$ 954 spend per shopper.

Sub-Saharan countries like Nigeria and South Africa also made it to the top 10, and collectively, these countries portray that the spend per internet shopper is quite high for the developing economies in the MEASA region.

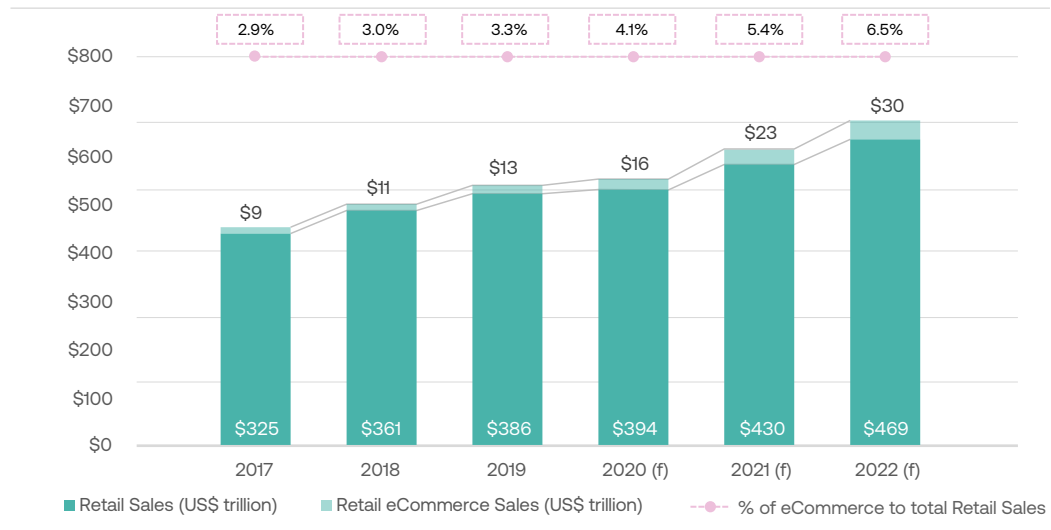


In Focus - MENA* and GCC eCommerce

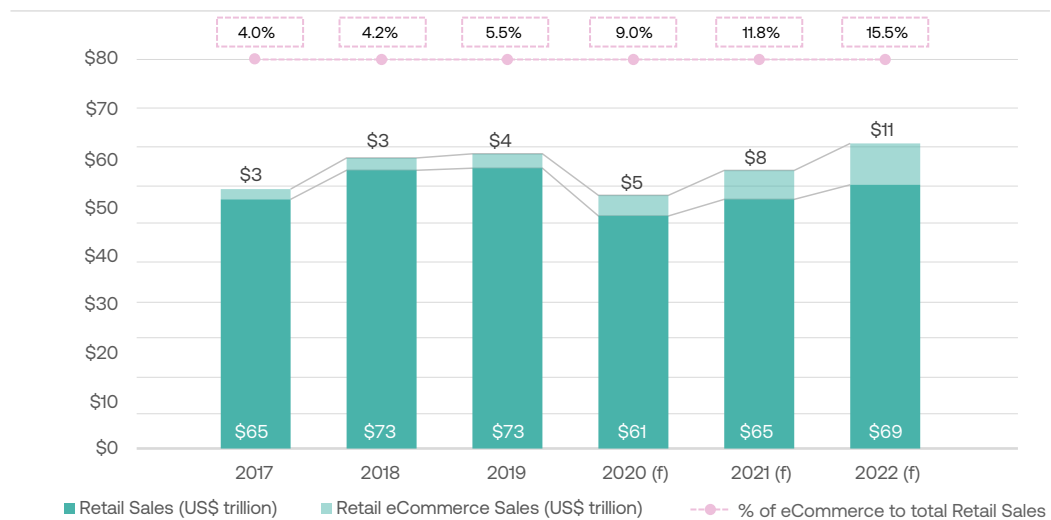
MENA B2C Products eCommerce Sales, 2017 -2022



GCC B2C Products eCommerce Sales, 2017 -2022



United Arab Emirates B2C Products eCommerce Sales, 2017 -2022



*MENA: Middle East GCC, North Africa, Middle East Other (Iran, Turkey, Yemen)
 Source: World Bank, IMF, DinarStandard analysis

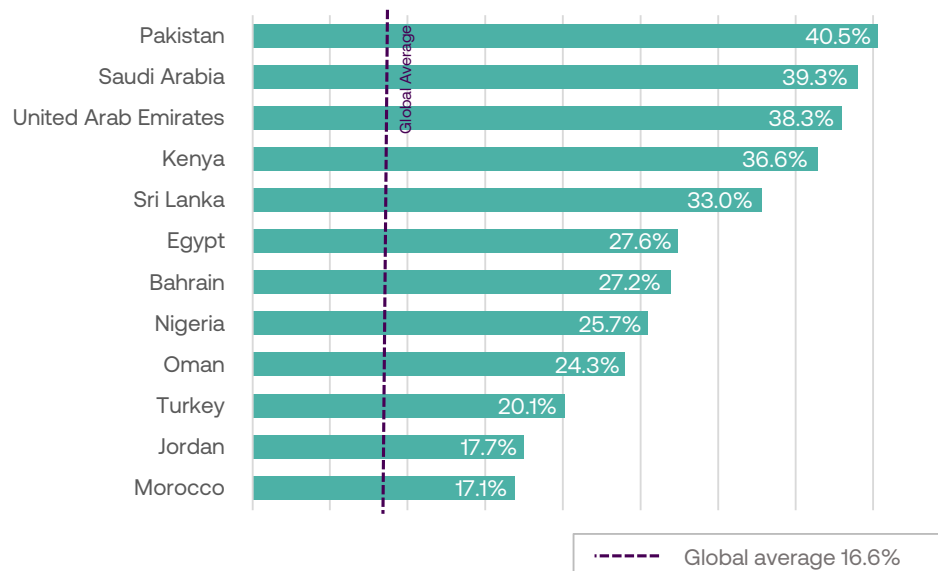


2. MEASA Growth Drivers and Challenges

Growth Drivers

eCommerce growth

eCommerce Sales Growth 2019-22



Source: DinarStandard synthesis and analysis, IMF, World Bank (ICP data)

The MEASA eCommerce market has a significant growth opportunity over the next three years. The compounded annual growth rate for eCommerce sales (2019-2022) by country indicates the online purchasing momentum. Most of the countries in the MEASA region have

a higher sales growth rate than the global average for the forecasted period. Of these, four countries are from the GCC, two from each South Asia, Sub-Saharan Africa and North Africa, and Turkey and Jordan..





High internet penetration

MEASA Internet Penetration 2019

Qatar	99%	South Africa	62%
Kuwait	99%	WORLD	59%
Bahrain	99%	Egypt	54%
United Arab Emirates	99%	Algeria	52%
Saudi Arabia	93%	India	50%
Oman	92%	Syria	47%
Lebanon	78%	Sri Lanka	47%
Libya	75%	Kenya	43%
Iraq	75%	Nigeria	42%
Turkey	74%	Bangladesh	41%
Iran	70%	Pakistan	35%
Morocco	69%	Yemen	27%
Jordan	67%	Tanzania	25%
Palestine	64%	Uganda	24%
Tunisia	64%	Afghanistan	20%

Source: WeAreSocial – Digital in 2020 report

High eCommerce growth in the region is followed by a high internet penetration in most of the MEASA region markets. At a sub-regional level, countries in the Middle East GCC are higher than the world average of 59%, with 93-99% internet penetration. Some countries from North Africa and Levant also have high internet penetration than the global average, for instance, Lebanon at 78% and Morocco at 69%.

Despite the high internet adoption, many countries in the MEASA region are still not connected to the internet. For instance, only a

quarter of Africa's population uses the internet, and at a high cost.³⁴ In South Asia, more than 60% of the population does not have active internet access.

Although South Asian countries have internet penetration below the global average, their high collective eCommerce share of the region and a 10% projected growth over 2019-22 are healthy signals for eCommerce growth. Globally, India alone accounted for the most significant share of growth in internet users in the first quarter of 2019.³⁵





Smartphone and social media adoption

MEASA smartphone penetration compared to global average

Broadband Connections* of Total Connections	
Saudi Arabia	88%
United Arab Emirates	88%
Turkey	86%
Egypt	80%
World	77%
South Africa	70%
India	67%
Morocco	65%
Nigeria	60%
Kenya	51%

*3G, 4G, 5G mobile connections as a % of total mobile connections
Source: WeAreSocial – Digital in 2020 report

With strong cellular connectivity in most of the MEASA countries, the higher percentage of mobile broadband connections (per overall mobile connections) than the global average relays the high usage of smartphones in the region. These markets include Saudi Arabia, United Arab Emirates, Turkey, and Egypt. Other MEASA countries above 50% broadband connections include countries from North and Sub-Saharan Africa and South Asia.

Globally, mobile phones account for 53.3% of web traffic.³⁶ Most of the MEASA countries spend more time on mobile internet than the global average of 3 hr. 22 min, including Nigeria, Kenya, KSA, South Africa, Turkey, Egypt, the UAE, Morocco, and India.

With mass internet and smartphone adoption, there is a high potential for eCommerce, especially social commerce and mobile commerce (mCommerce) growth in the MEASA region.





Social Media Penetration

Social media users compared to total population

Kuwait	99%	Oman	56%
United Arab Emirates	99%	Palestine	54%
Qatar	99%	Iraq	53%
Bahrain	84%	Algeria	51%
Libya	75%	Morocco	49%
Saudi Arabia	72%	India	29%
Turkey	64%	Pakistan	17%
Tunisia	62%	Nigeria	13%
Lebanon	60%	Afghanistan	9.4%
WORLD	60%	Tanzania	7.6%
Jordan	56%		

Source: WeAreSocial – Digital in 2020 report

Social media penetration is also the highest for some MEASA countries (GCC, especially) compared to the global average of 60%. In a worldwide survey on Gen Z social commerce habits, 17% in the MENA

region say they use the 'Buy' button on a social network, compared to 10% in Europe and North America.³⁷ mCommerce adoption is already on the rise in the region.



MEASA mCommerce adoption compared to global average

mCommerce adoption	
Saudi Arabia	58%
India	55%
World	52%
United Arab Emirates	51%
Turkey	44%
Egypt	39%
South Africa	33%

Source: WeAreSocial – Digital in 2020 report

Affluent, young, and tech-savvy population

Affluent, young, and tech-savvy population Millennial and Gen Z consumers come of age in a time of high technology disruption, being constantly connected and demanding a seamless eCommerce experience.

Broadly speaking, the lower the country's overall internet penetration rate, the more likely it is that its internet users will be young, urban, affluent, and educated.³⁸ This is the case throughout much of the MEASA region.



Globally, at least 72% of Gen Z (aged 16-21) say they have purchased a product online in the last month via any device, while six in ten purchased on their smartphones.³⁹ In the MEASA region, 56% of Kuwait population is under the age of 35 with a high disposable income.⁴⁰ Likewise, 43% of Bangladesh's population is under the age of 25, tech-savvy, and the most frequent users of eCommerce.⁴¹ Additionally, the widening wealth gap is gradually closing with

digitization. An emerging middle class means rising affluence and internet access. By 2030, the global middle class is expected to reach 5.3 billion people, an additional two billion people with increased purchasing power. Most of this growth will be witnessed in Asia, where China and India collectively represent 66% of the global middle-class population.⁴² Most of Africa, like Nigeria, is also experiencing a growing middle-class and young population.

Government policy and support

Government policies and other initiatives shape the business environment, supporting aspects like data security, logistics, and I.P. protection. The growing popularity of e-governance in the MEASA region shows how the government is willing to help secure eCommerce in the region. Dubai has initiated the Dubai CommerCity, first-of-its-kind Free Zone aimed at elevating Dubai's position as a leading regional

hub for eCommerce. The Kuwait National Fund for SME and private sector accelerators and venture capital firms are collectively supporting eCommerce growth.⁴³ The International Trade Centre is working closely with certain African governments, partnering with logistics services such as DHL to support SMEs in developing robust eCommerce. The project has thus far supported around 430 SMEs in the MENA region.



Several data protection policies help consumers gain confidence in eCommerce transactions. For instance, India’s new Consumer Protection Act, 2019; Pakistan’s Prevention of Electronics Crime Act (PECA); and Saudi Arabia’s new eCommerce regulation are some examples of regulations with a strong implication for eCommerce security.

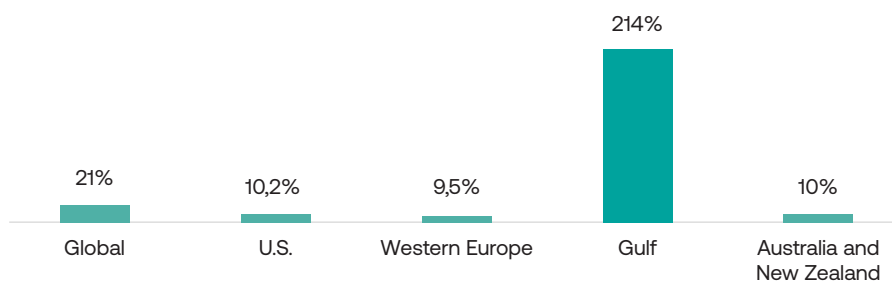
Much of MEASA either lack data protection laws or do not have robust implementation plans. In Africa, for instance, only 20 of its 54 nations have data protection laws.⁴⁴

For instance, the Nigerian government has the Cybercrime Law (2015) in place that ensures secure online transactions.⁴⁴

Cross-border eCommerce

Cross-border Online Sales

Year-on-year growth %, from Jan 1 to June 14 2020

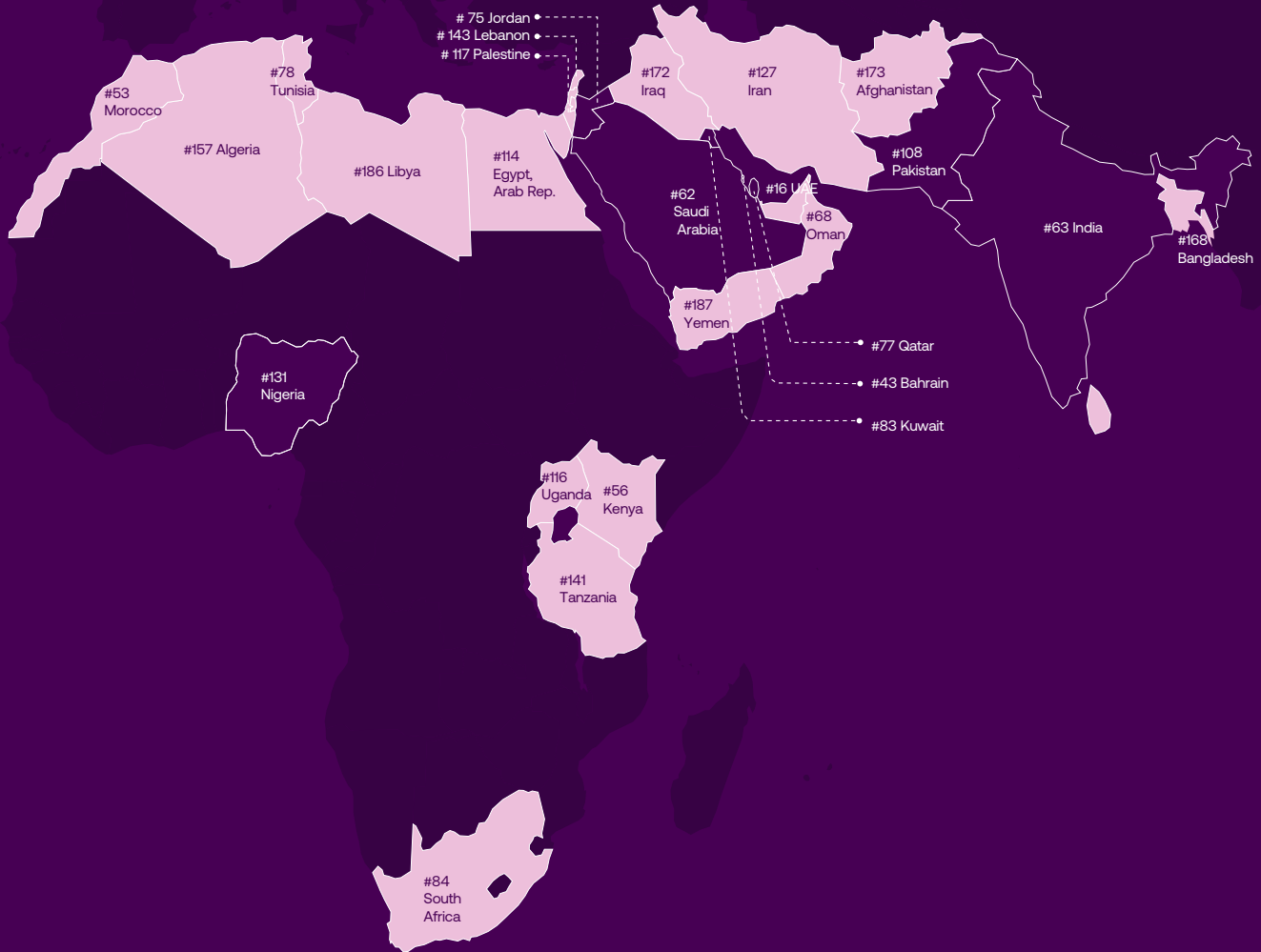


Source: Global-e, “COVID-19 : The Impact on Cross-Border Ecommerce”

With the advent of globalization, cross-border eCommerce has become an increasingly preferable trend among consumers worldwide. Despite of the strict lockdowns and supply-chain challenges due to the COVID-19 pandemic, global cross-border online sales growth increased by 21% year-on-year (mid-year 2020) as estimated by Global-e’s report.⁴⁵

Interestingly, an exponential growth rate in cross-border online sales has been experienced by the Gulf region – 10 times more than the global increase at 214% year-on-year growth (mid-year 2020).⁴⁶ In fact, cross-border eCommerce represents nearly 50% of the GCC market compared to less than 6% in the U.S.⁴⁷

Several sub-regions in the MEASA region had already been experiencing the rising trend in cross-border eCommerce, creating an opportunity for international trade. For instance, a global research by PayPal in 2018 indicated more than 40-56% of consumers in the Middle East, Africa, and Asia Pacific have shopped both domestically and cross-border.⁴⁸ The prime reason for the cross-border eCommerce trend has been the limited product choices offered online by domestic retailers, which also stands as a challenge for domestic eCommerce growth (discussed later in the report).



Top 10 Improvers

Source: Doing Business 2020 Index

Ease of Doing Business

The Doing Business 2020 index measures the ease of starting a business in a country. Assessing 190 economies, the metrics examined include: starting a business, registering property, paying taxes, trading across borders, and contracting with the government. The MEASA region has done fairly well, with 13 economies ranked among the top 100 – all GCC countries, four from Africa, two from South-Asia, and one from Levant sub-regions. The United Arab Emirates is among the top 20.

Doing business acknowledges the ten economies that improved the most regarding the ease of doing business after implementing specific regulatory reforms. These mostly include countries from the MEASA region: Saudi Arabia, Jordan, Bahrain, Pakistan, Kuwait, India, and Nigeria. Of these top 10, Bahrain implemented the highest number of regulatory reforms. Specific reforms have also been acknowledged, such as those facilitating firms' access to credit. Kenya, among others, has introduced online features to its

existing registries to enable credit financing.⁴⁹

The features of great infrastructure and ease of doing business, coupled with a young, tech-savvy, and affluent population, make a country favorable for eCommerce. There is, however, still a long way to go for the MEASA region. Most of Africa, for instance, remains weak in the ease of doing business, especially due to a lack of proper infrastructure and high cost of setting up.

Challenges

Ecommerce infrastructure

While internet and smartphone penetration are key growth drivers, many in the MEASA region still face internet connectivity problems.

For instance, two out of three Bangladeshis live in areas that still lack internet connectivity, while less than 4% use 4G-capable devices.⁵⁰ Although internet penetration in Nigeria has increased, internet connectivity remains a key challenge in many areas. Moreover, businesses must

understand that the success of eCommerce goes beyond having an internet connection. It requires setting up the right eCommerce infrastructure in line with the eCommerce value chain (see Section 4), including secure payment networks and reliable delivery. Ecommerce and internet infrastructure development are crucial to provide internet connection to the entire population and encouraging eCommerce participation.

Financial inclusion and literacy

As per the World Bank, about two-thirds of the world's 1.7 billion unbanked citizens have access to a mobile phone.⁵¹ Digitization is helping connect people to essential financial services, yet financial inclusion and literacy remain a challenge and hindrance to eCommerce.

Many in South Asia and Africa lack financial inclusion. Only

29% of Moroccans have a bank account, and around 0.2% own a credit card.⁵² Morocco's mobile broadband connections are 65% of overall mobile connections, and it plans to bring more than ten thousand villages under 2G, 3G, and 4G coverage.⁵³ In Sub-Saharan Africa, only 37% of women have a bank account compared to 48% of men.⁵⁴

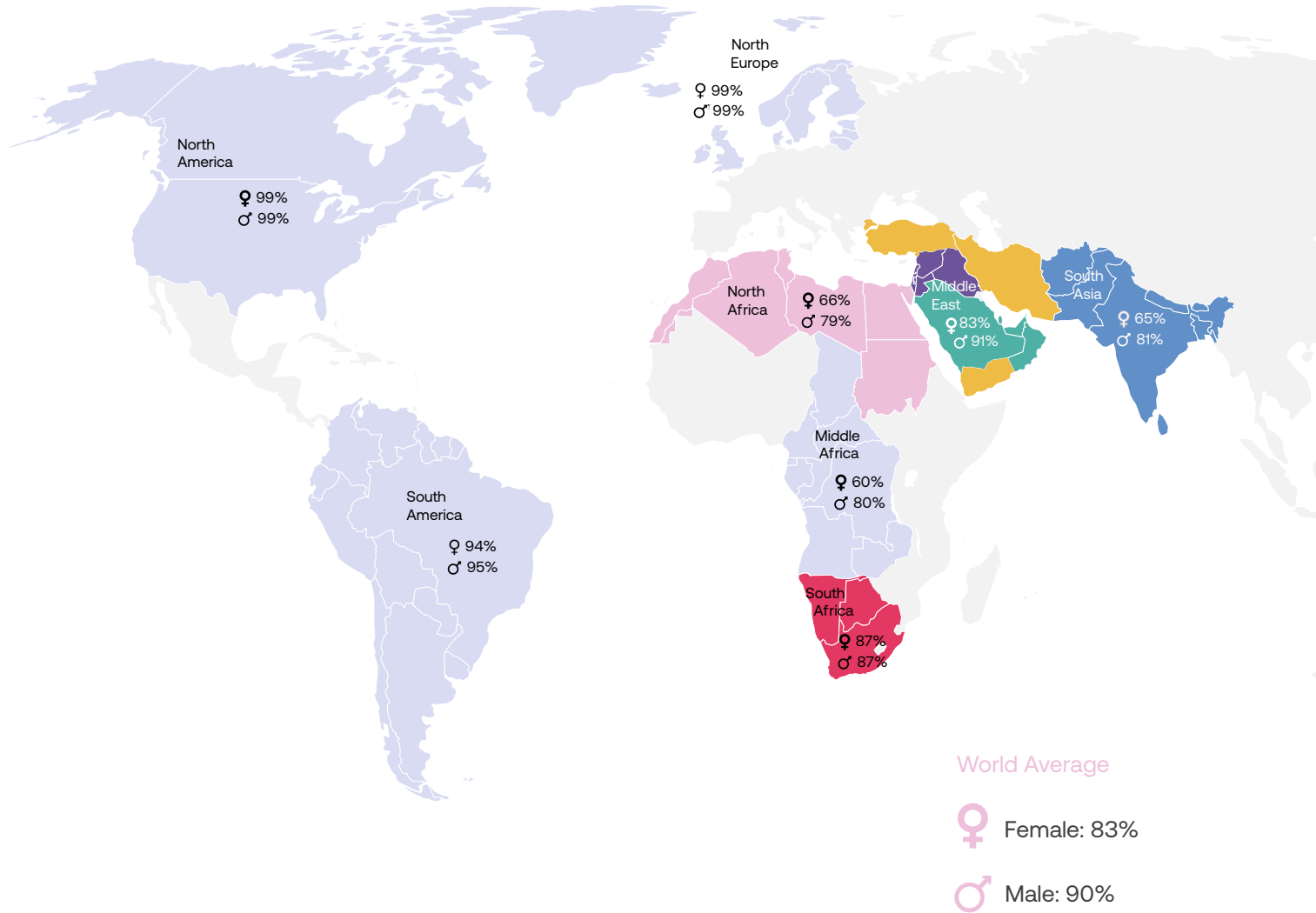




Literacy is also a key issue. A large segment of Africa and South Asia has lower literacy rates than the global average, directly affecting financial inclusivity and

online shopping. Literacy around smartphone usage, for instance, is still minimal and is usually high for the wealthy or expats in the regions.

Literacy Rates by Gender and Region



Source: WeAreSocial – Digital in 2020 report



Digital Payment

MEASA Credit Card Penetration (CCP) compared to global benchmark

Credit Card Penetration	
Canada	83%
United Arab Emirates	45%
Turkey	42%
China	21%
World	18%
Saudi Arabia	16%
Kenya	6%
Egypt	3%
India	3%
Nigeria	3%
Morocco	0.2%

% of consumers that own a credit card.
Source: WeAreSocial – Digital in 2020 report



Digital payment has been one of the pressing challenges for the region, from both consumer adoption and payment options view.

At 45% CCP rate, UAE is among the few countries from the MEASA region with a rate higher than the global average of 18%, as seen in the table above.

The MEASA region is still a cash-based economy, even the UAE which is estimated to be at least 75% cash-based.⁵⁵

Cash-on-delivery (COD) has been one of the biggest challenges for eCommerce in the MEASA region. Around 62% of the MENA

online shoppers prefer the COD mode of payment, while Europe has a less than 5% preference.⁵⁶ The key reason for COD is limited credit card penetration, but also mistrust in online payment. COD leads to several other eCommerce challenges, including pressure working capital requirements and increased dependence on logistics partners for cash collection.

Mobile wallets could be a potential solution for COD challenges in the MEASA region, especially with high smartphone penetration. However, it will be important to raise awareness and security of the platform and address other eCommerce infrastructure and logistics challenges.



Facts From **MEASA**



Middle East

COD is up to 70% of all eCommerce transactions in Saudi Arabia.⁵⁷
40-60% of orders are on a COD in Kuwait.⁵⁸



Africa

Tunisia COD mainly due to fear of piracy and being subjected to direct oversight by official bodies.⁵⁹
Up to 47% of all eCommerce transactions in Morocco.⁶⁰



South Asia

More than 90% of eCommerce users prefer COD in Bangladesh.⁶¹
Up to 80% of all eCommerce transactions in Sri-Lanka.⁶²
Globally accepted digital payment systems, like PayPal, are unavailable in Pakistan.⁶³

Lack of trust in online payment and delivery

Payment

Despite the prevalence of mobile payment apps, consumers prefer cash on delivery because of a lack of trust in platform security. The lack of trust and knowledge surrounding safe online payments may hinder the growth of eCommerce in the region. India, for instance, highlights top challenges with eCommerce relating to major regulatory issues like tax regulations, legal liability laws, and data piracy challenges.⁶⁴

A recent study by IBM states that 59% of data breaches in the UAE

and Saudi Arabia were a result of malicious attacks, where cyber-attacks cost up to \$6.53 million.⁶⁵

Delivery

The other trust issue falls around delivery, where most people, especially in Africa, do not engage in eCommerce due to the unreliable delivery and returns system. In Sri Lanka, around 40% of consumers say they would be unsure of product quality if they bought it online, while 20% are skeptical of the genuineness of their purchase.⁶⁶

Last-mile logistics and delivery are still underdeveloped

Country	Rank	Scores (out of 5)
United Arab Emirates	11	3.96
Qatar	30	3.47
South Africa	33	3.38
Oman	43	3.20
India	44	3.18
Turkey	47	3.15
Saudi Arabia	55	3.01
Bahrain	59	2.93
Kuwait	63	2.86
Iran	64	2.85
Egypt	67	2.82
Kenya	68	2.81
Lebanon	79	2.72
Jordan	84	2.69
Sri Lanka	94	2.60
Bangladesh	100	2.58
Uganda	102	2.58
Tunisia	105	2.57
Morocco	109	2.54
Nigeria	110	2.53
Algeria	117	2.45
Pakistan	122	2.42
Iraq	147	2.18
Libya	154	2.11
Afghanistan	160	1.95

Source: World Bank Logistics Performance Index (2018)





Time and Cost

One of the major problems when it comes to last-mile delivery is high cost and underdeveloped logistics. The World Bank's Logistics Performance Index is a good measure of the state of logistics in the MEASA region. The index assesses 160 economies on metrics such as customs, infrastructure, international shipments, logistics quality, tracking, and time. The UAE ranks 11th globally, yet the average cost of delivery in the country is more than three times the global average, COD being the primary factor.⁶⁷

Last-mile delivery is a challenge, especially for the underdeveloped regions of MEASA due to poor road infrastructure and addressing systems. South Asian countries, except India, performed poorly on the index, where the average score for the subregion was 2.54 compared to 3.24 for GCC. North Africa was the lowest at a 2.50 average score.

Poor addressing systems

Another primary last-mile delivery challenge is the addressing system in the region. The lack of area codes impact cost, delivery time, and failure rates. While in most African countries, proper street and house addressing systems also do not exist, thus making the delivery costs three times as expensive as in developed countries.⁶⁸

Some public and private initiatives seek to address this issue. For instance, Oman has planned the "unified address system" to allocate precise addresses to every building and street and make eCommerce delivery easier.⁶⁹ Fetcher uses consumers' smartphones as their delivery address to locate their exact location.⁷⁰

Limited product coverage

As mentioned earlier, the top four eCommerce categories – electronics, fashion,

beauty and personal care, and grocery – make up 80% of the MENA eCommerce market compared to the same categories representing half of the U.S. market. Two of these core categories, electronics and fashion, have dominated the MEASA market, and our top 100 MEASA eCommerce list in the later part of this report confirms that.

Since most of the brands have been unable to provide vast product options, consumers opt for cross-border shopping. Although cross-border eCommerce is an opportunity for economies outside of MEASA, competition may hurt local brands. Therefore, local brands' best strategy is to provide more options to consumers and to integrate an omnichannel strategy – blending physical stores with an online marketplace.

Cross-border eCommerce

Tax and trade barriers Import duties, tariffs, lack of land custom clearance, and other trade barriers make cross-border shipping more costly and challenging, even trading within the region.

The best example within the region is the GCC customs union that exempts trade duties within the union. However, this is not widespread in the wider MEASA region.

As per the World Bank, South Asian firms believe their top eCommerce challenges are the cost of cross-border logistics, taxes, and trade barriers in export markets.⁷¹ Recently, Nigeria announced that a 14% VAT would be charged on digital marketplaces such as eCommerce and other digital services.⁷² On the positive side, Oman is offering a new e-shipping service called 'Matjar Oman' to provide modest shipping rates to traders and competitive prices to its citizens.⁷³

MEASA eCommerce Growth Drivers and Challenges

DRIVERS	MIDDLE EAST GCC, Levant and Other	AFRICA North Africa and Sub-Saharan Africa	SOUTH ASIA
eCommerce growth	High	Moderate	Moderate
High internet penetration	High	Moderate	Moderate
Smartphone and social media adoption	High	Moderate	Moderate
Affluent, young, and tech-savvy population	High	High	High
Government policy and support	Moderate	Low	Moderate
Cross-border eCommerce	High	High	High
Ease of doing business	High	Moderate	Moderate

High (Positive signal)
 Moderate
 Low (Negative signal)

CHALLENGES	MIDDLE EAST GCC, Levant and Other	AFRICA North Africa and Sub-Saharan Africa	SOUTH ASIA
eCommerce infrastructure challenge	Low	High	High
Low financial inclusion and literacy	Low	High	High
Digital Payment	High	High	High
Lack of trust in online payment and delivery	Moderate	High	High
Underdeveloped last-mile logistics and delivery	Low	High	High
Limited product coverage	High	High	High
Cross-border eCommerce tax and trade barriers	Moderate	High	High

High (Negative signal)
 Moderate
 Low (Positive signal)



The heatmap table above provides a summary of the MEASA eCommerce drivers and challenges. Clustered into three sub-regions – Middle East (including GCC, Levant and Other), Africa (including North and Sub-Saharan Africa) and South Asia - each cluster is analyzed for seven growth drivers and challenges discussed earlier. With a high, moderate and low assessment, each region is examined for the extent to which a driver is a positive or negative signal for the region, giving the industry and policy makers a quick overview on the state of eCommerce in the MEASA region.



Middle East (GCC, Levant and Other) analysis:

The Middle East has proven to be a much more mature B2C eCommerce market than other MEASA regions. The GCC is the fastest growing eCommerce market in the MEASA region, at 33% CAGR growth (2019-22), with Saudi Arabia (at 39%) and UAE (at 38%) among the top countries by growth. Internet penetration and social media adoption has also remained high for most of the Middle Eastern countries, above the global average of 60%. Stringent policies around data protection, trade support and developed infrastructure enable ease of doing business in the sub-region. The Dubai CommerCity, envisioned hub of eCommerce in the region, is a leading example of the Middle East's eCommerce potential.

With a state-of-the-art infrastructure (like developed roads and airports, 3G/4G/5G internet connections, banking systems), the Middle East faces least challenges around last-mile delivery and logistics, and financial literacy. However, there remain issues around cybersecurity and data theft in the sub-region. The pressing challenges on consumer side pertain to high dependency on cash-on-delivery and limited product options, making cross-border shopping attractive for consumers. This is evident from a 214% YOY growth in cross-border online sales in the Gulf during the COVID-19 pandemic, from January to mid-June 2020. However, tax and trade regulations still need to be eased to support cross-border trade to and from the sub-region.

Africa (North and Sub-Saharan Africa) analysis:

Ecommerce in the African region is still in its infancy, but growing at an exponential rate of CAGR growth (2019-22) of 24% and 23% for North Africa and Sub-Saharan Africa, respectively. Nigeria is the second largest eCommerce market (US\$ 7.7

billion) in the MEASA region. Kenya and Nigeria are among the top 10 fastest growing eCommerce markets in MEASA, at 37% and 26% CAGR respectively. North and Sub-Saharan Africa collectively cover only 18-20% of the MEASA eCommerce market and remain the same over the next three years. Factors like internet penetration and smartphone adoption lead to the high eCommerce potential, but they are still very limited in the sub-region. In terms of internet penetration, only Libya, Morocco, Tunisia and South Africa are above 60% world average. And except Libya and Tunisia, all other African countries are below 50% of social media penetration.

But Africa's strongest eCommerce driver is its fastest growing economy – middle-class and young population. Over the next 10-20 years, Africa will experience a double-digit growth, higher than most mature global markets. The findings of the report also see a high potential for cross-border eCommerce in the sub-region. Tanzania, for instance, is well suited for regional trade because of the Darussalam port. However, cross-border trade still needs to be leveraged through developed infrastructure and supportive trade policies.

The challenges discussed in this report are in fact some of the pressing eCommerce issues for the African region. Apart from lack of stringent trade and consumer protection policies, underdeveloped infrastructure is also a key concern. Last-mile logistics and delivery issues discourage retailers from participating online, and consumers as well who end up paying high delivery costs or receiving the wrong orders. To arouse online shopping interest, it is crucial to educate consumers, offer more products online, and provide different but secure payment methods. Currently, around 90-95% of these African economies are still cash based.

South Asia analysis:

The state of eCommerce in South Asia is much like the North and Sub-Saharan African regions. South Asia covers the largest share of the US\$ 89.4 billion MEASA eCommerce market, around 54%, India being the largest eCommerce market in the region. Although South Asia is growing by only 13% CAGR growth (2019-22). Pakistan is the fastest growing eCommerce market in the MEASA region, at 40.5% CAGR. Sri Lanka is also growing substantially at 33% CAGR.

In terms on internet penetration and social media adoption, South Asia has been behind the world average with less than 50% and 30% respectively (compared to global average of 60%). However, finding of the report suggest mobile penetration in the sub-region is remarkably high. India is among the top countries from MEASA that spend more time on mobile phones than the global average of 3 hr 22 min. Mobile penetration is also higher than the global average of 67% for all South Asian countries – Sri-Lanka (149%), Bangladesh (99%), India (78%), Pakistan (75%) and Afghanistan (70%). This signals a great opportunity for mCommerce in the sub-region.⁷⁴

The challenges discussed in this report are in fact some of the pressing eCommerce issues for South Asia region as well. Policies around consumer data protection exist in countries like India and Pakistan, but they need to be planned and executed effectively. Vast product offerings and payment methods for consumers, developed logistics and delivery infrastructure, and favorable tax regulations for cross-border trade are challenges necessitating decisive plans to leverage the eCommerce potential in South Asia.

Top 100 B2C eCommerce Companies of MEASA



Introduction

While the previous section gave a comprehensive overview of the MEASA eCommerce market size, growth drivers, and challenges, this section gives an overview of the region's leading eCommerce players. This report introduces the

first-ever listing of the Top 100 B2C eCommerce companies, ranked by the users from the MEASA region. The list ranks players dealing with B2C products (or with majority sales in products. See appendix for detailed methodology).

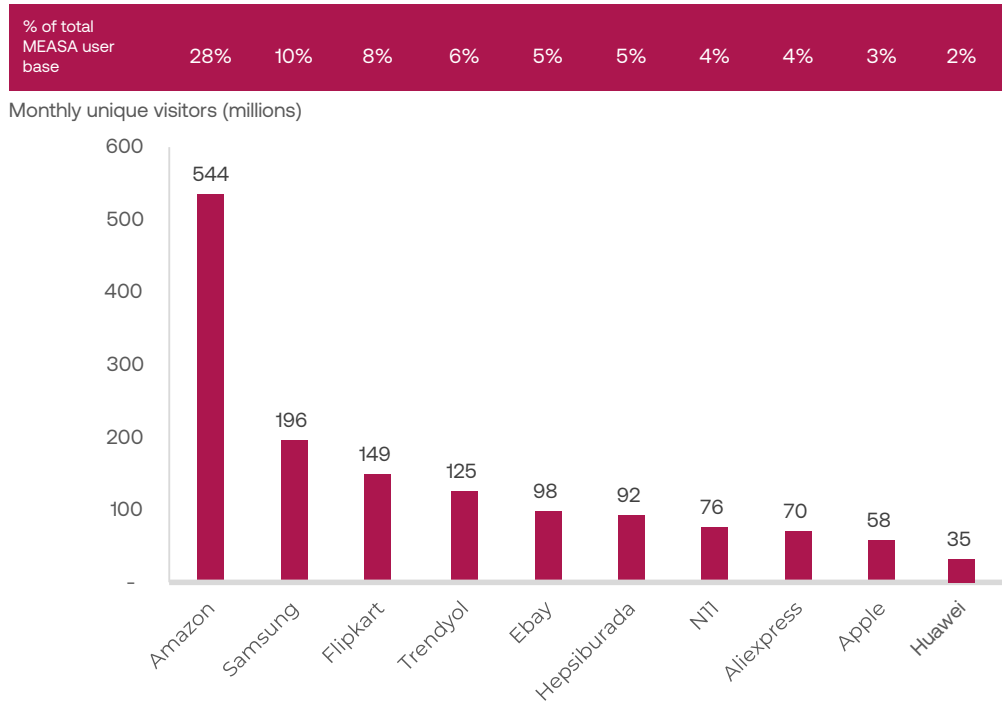


1. Analysis

The list of the top 100 B2C eCommerce companies of the MEASA region presents an excellent overview of the key eCommerce

players landscape across the region. Collectively, they represent 1.94 billion unique user visits per month.⁷⁵

Top 10 MEASA B2C eCommerce Companies

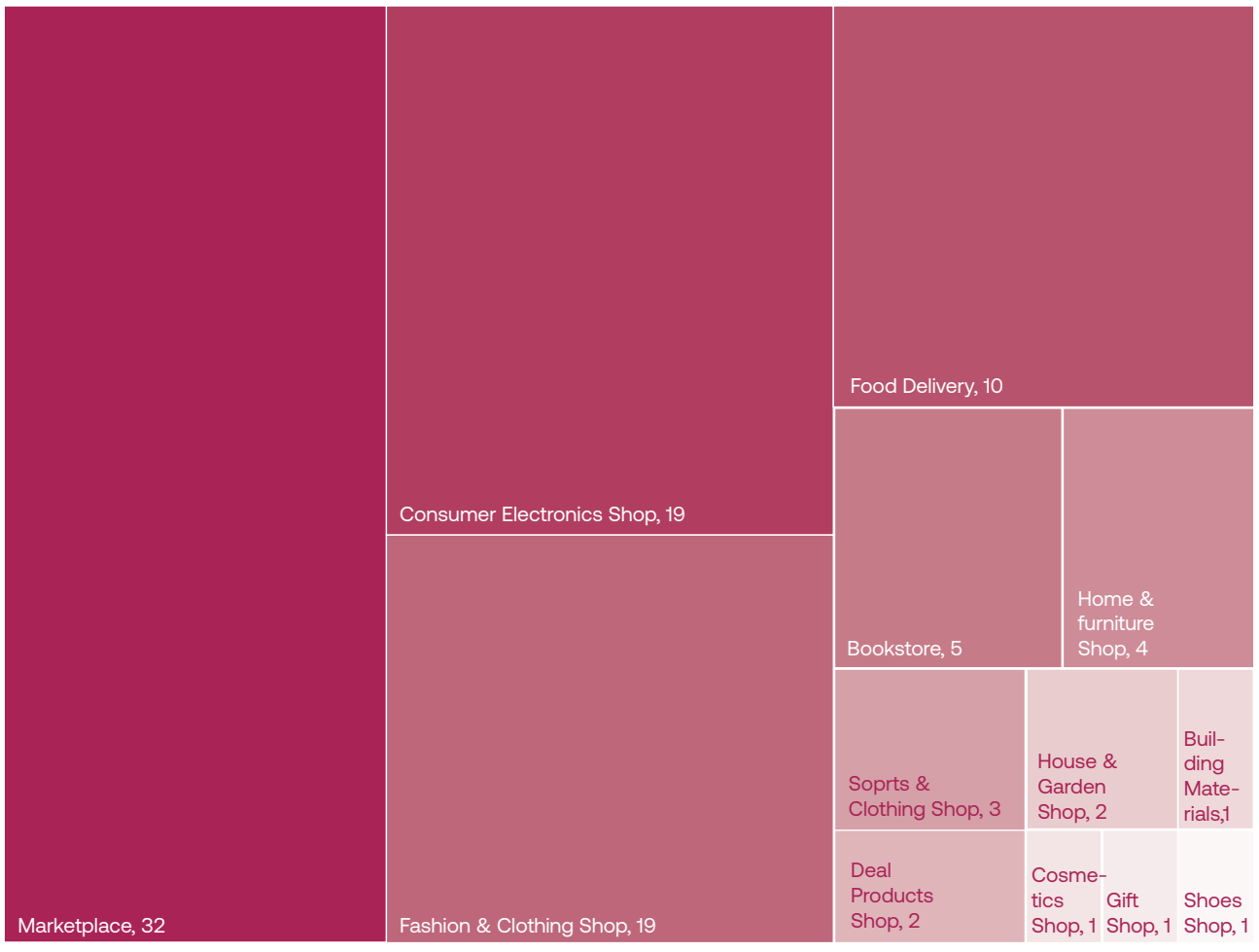


Source: DinarStandard synthesis and analysis

The Leaders: Amazon leads the list as the most visited eCommerce company across the region, with an estimated 544 million monthly MEASA unique visitors. This is followed by South Korea-based Samsung, with an estimated 196 million MEASA unique visitors, and

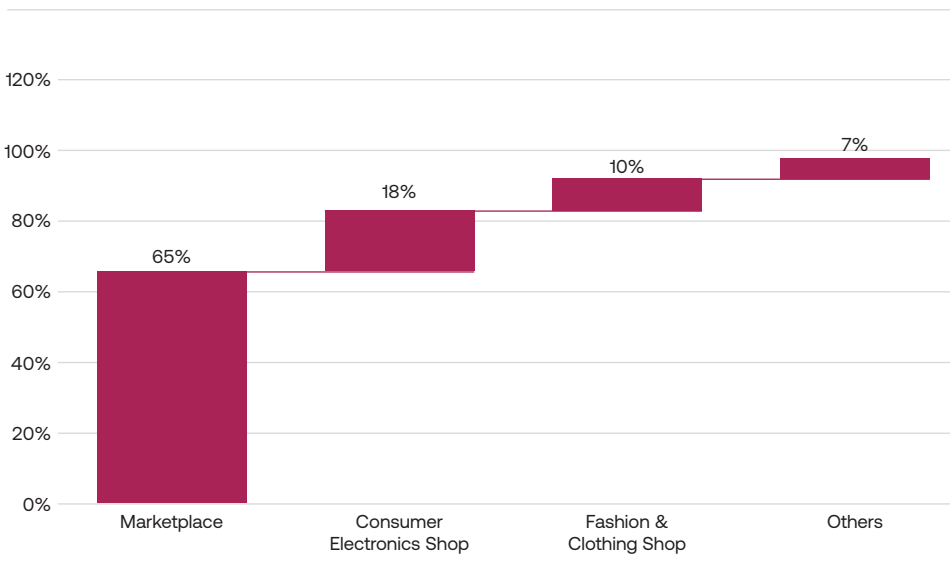
then Flipkart, with an estimated 149 million MEASA unique visitors. Amazon represents the largest share of the total regional unique user base, at 28%, reflecting its global and regional dominance.

Top Categories by number of Companies



Source: DinarStandard synthesis and analysis

Top Categories by Unique Visitors



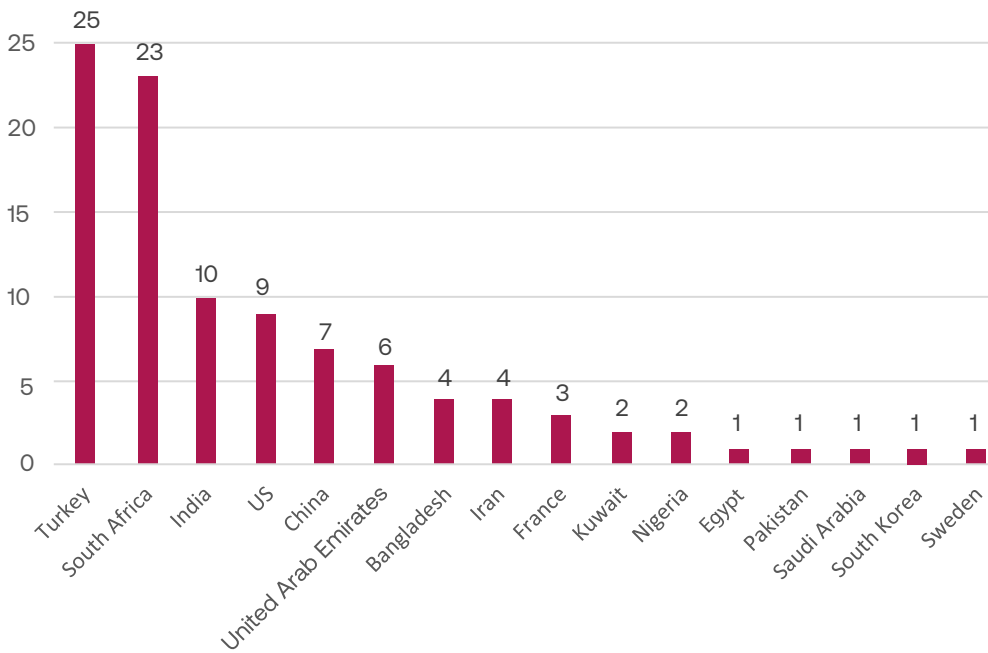
Source: DinarStandard synthesis and analysis

Top categories: Marketplace, electronics and fashion represent the highest number of companies, with 32 and 19 each companies, respectively. Next on the list is food delivery with 10 companies.

Other categories with less than five companies include bookstore, home and furniture shop, sports and clothing, and others.

The top three categories representing the highest number of companies are also the largest by consumer user base. The marketplace has the highest number of unique visitors, with 65% of the total users from the MEASA region. Consumer electronics represent 18% of the user base, while fashion and clothing represent 10%. All other categories represent 7% of the consumer user base.

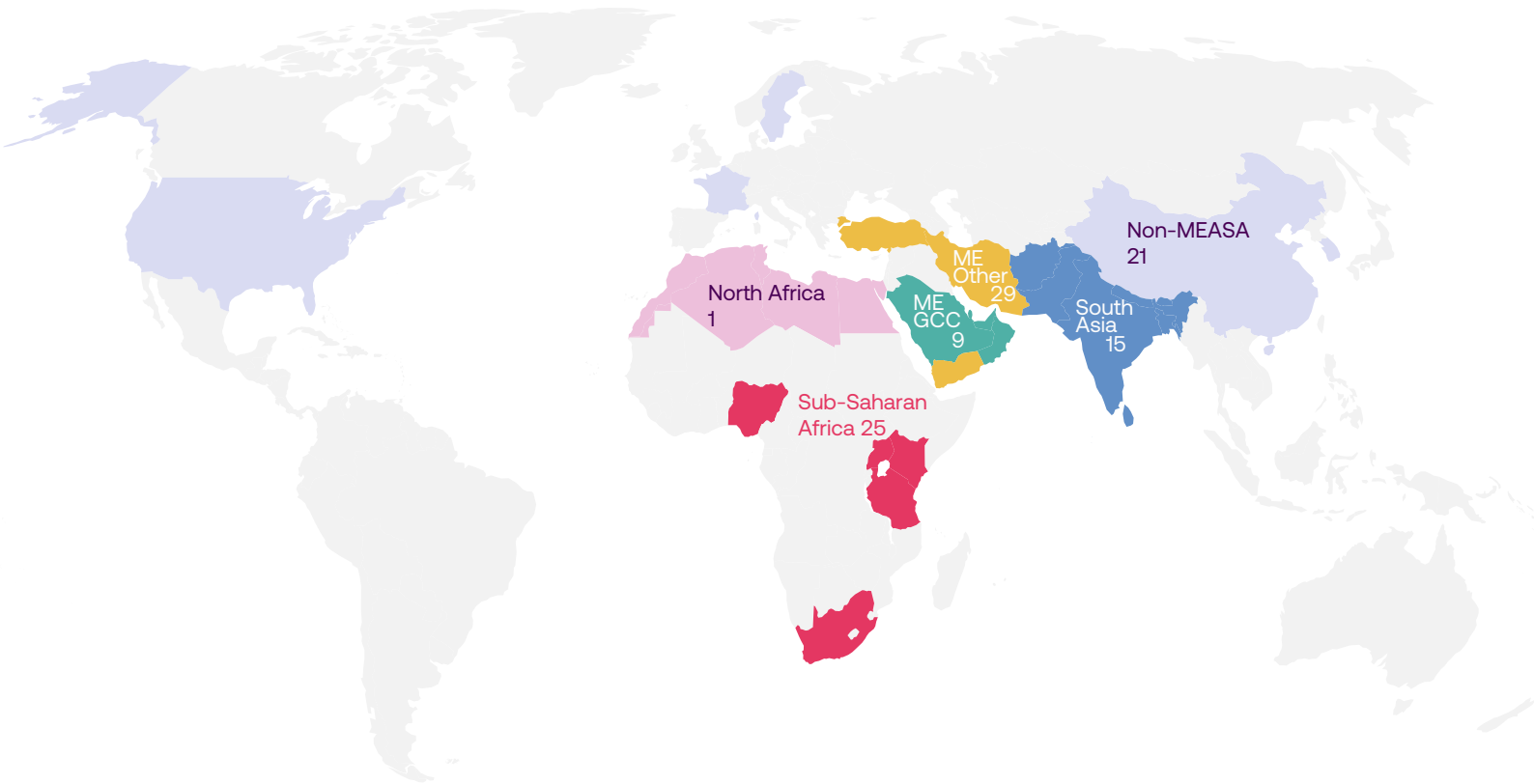
Number of Companies by Country on Top 100



Source: DinarStandard synthesis and analysis

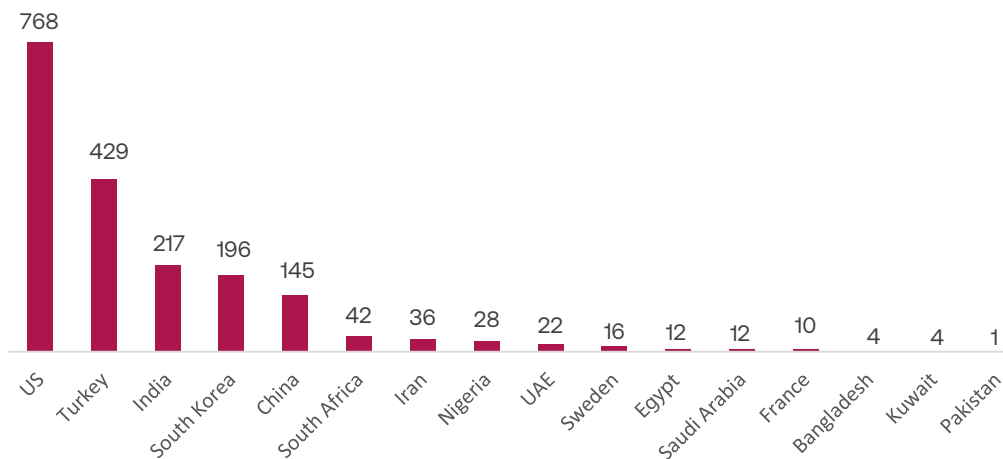


Number of Companies by Region



Source: DinarStandard synthesis and analysis

Top 100 eCommerce sites by base countries (by unique users) (millions)



Source: DinarStandard synthesis and analysis

Geographically: Turkey has the most eCommerce companies on the list with 25 companies, followed by South Africa with 23, and then India and U.S.

A key indicator of local eCommerce development and leadership is the number of companies from the

region. Out of the top 100 listed, 79 are based in the MEASA region, which is a very healthy sign of local eCommerce development. Of these, 29 are from ME-Other, 25 from Sub-Saharan Africa, 15 from South Asia, 9 from GCC and 1 from North Africa.

2. Top 100 MEASA eCommerce Companies List

No.	Company Name	Base Country	Website	Sector	Monthly Unique Visitors from MEASA (May 2020)
1	Amazon	US	amazon.com, amazon.in, amazon.co.uk, amazon.ae, amazon.fr, amazon.com.tr	Marketplace	543,587,557
2	Samsung	South Korea	samsung.com	Consumer Electronics Shop	195,721,000
3	Flipkart	India	flipkart.com	Marketplace	149,483,600
4	Trendyol	Turkey	trendyol.com	Fashion & Clothing Shop	125,358,730
5	Ebay	US	ebay.com, ebay.co.uk, ebay.fr, gittigidiyor.com (owned by ebay)	Marketplace	98,224,722
6	Hepsiburada	Turkey	hepsiburada.com	Marketplace	92,180,970
7	N11	Turkey	n11.com	Marketplace	76,325,472
8	Aliexpress	China	aliexpress.com	Marketplace	70,084,440
9	Apple	US	apple.com	Consumer Electronics Shop	58,086,212
10	Huawei	China	huawei.com	Consumer Electronics Shop	34,958,310
11	Digikala	Iran	digikala.com	Marketplace	32,962,184
12	Etsy	US	etsy.com	Marketplace	27,863,000
13	Jumia	Nigeria	jumia.com.ng, jumia.ma, jumia.com.eg, kenya.co.ke, jumia.com.tn, jumia.dz, jumia.ug	Marketplace	26,749,857
14	Çiçek Sepeti	Turkey	ciceksepeti.com	Gift Shop	16,854,092
15	HP	US	hp.com	Consumer Electronics Shop	15,929,848
16	Ikea	Sweden	ikea.com, ikea.com.tr	Home & Furniture Shop	15,745,539
17	Shopclues	India	shopclues.com	Marketplace	14,806,080
18	Myntra	India	myntra.com	Fashion & Clothing Shop	13,083,712
19	Noon	UAE	noon.com	Marketplace	12,534,500
20	Dell	US	dell.com	Consumer Electronics Shop	12,294,230
21	Daraz	China	daraz.pk, daraz.com.bd, daraz.lk	Marketplace	12,290,890
22	Takealot	South Africa	takealot.com	Marketplace	11,782,994
23	Souq	Egypt*	souq.com	Marketplace	11,680,000
24	Snapdeal	India	snapdeal.com	Marketplace	11,593,296
25	Jarir	Saudi Arabia	jarir.com	Marketplace	11,563,020
26	LC Waikiki	Turkey	lcwaikiki.com	Fashion & Clothing Shop	10,533,660

No.	Company Name	Base Country	Website	Sector	Monthly Unique Visitors from MEASA (May 2020)
27	Ajio	India	ajio.com	Fashion & Clothing Shop	9,931,090
28	Shein	China	shein.com, shein.in	Marketplace	9,449,349
29	Kitapyurdu	Turkey	kitapyurdu.com	Bookstore	9,059,040
30	Teknosa	Turkey	teknosa.com	Consumer Electronics Shop	8,986,100
31	Mediamarkt Turkey	Turkey	mediamarkt.com.tr	Consumer Electronics Shop	7,432,230
32	Defacto	Turkey	defacto.com.tr	Fashion & Clothing Shop	7,217,520
33	Flo	Turkey	flo.com.tr	Shoes Shop	7,105,000
34	Wish	China	wish.com	Marketplace	6,763,200
35	Morhipo	Turkey	morhipo.com	Deal Products Shop	6,552,416
36	Sanalmarket	Turkey	migros.com.tr	Food Delivery	6,370,038
37	Kitapsec	Turkey	kitapsec.com	Bookstore	6,154,955
38	Gearbest	China	gearbest.com	Marketplace	6,008,800
39	Yemeksepeti	Turkey	yemeksepeti.com	Food Delivery	5,731,983
40	Bang Good	China	banggood.com	Marketplace	5,693,580
41	DR	Turkey	dr.com.tr	Bookstore	5,645,594
42	Iherb	US	iherb.com	Marketplace	5,576,840
43	Cdiscount	France	cdiscout.com	Marketplace	5,282,760
44	Makro	South Africa	makro.co.za	Consumer Electronics Shop	5,225,901
45	Swiggy	India	swiggy.com	Food Delivery	5,212,836
46	Bigbasket	India	bigbasket.com	Food Delivery	5,060,958
47	Walmart	US	walmart.com	Marketplace	4,821,300
48	Koctas	Turkey	koctas.com.tr	House & Garden Shop	4,592,952
49	Boyner	Turkey	boyner.com.tr	Fashion & Clothing Shop	4,532,154
50	ePttAVM	Turkey	epttavm.com	Marketplace	4,510,896
51	SefaMerve	Turkey	sefamerve.com	Fashion & Clothing Shop	4,480,707
52	Moda Nisa	Turkey	modanisa.com	Fashion & Clothing Shop	4,450,040



No.	Company Name	Base Country	Website	Sector	Monthly Unique Visitors from MEASA (May 2020)
53	Koton	Turkey	koton.com	Fashion & Clothing Shop	3,973,239
54	Decathlon	France	decathlon.com.tr, decathlon.ma	Sports & Clothing Shop	3,462,054
55	Tekzen	Turkey	tekzen.com.tr	House & Garden Shop	3,329,997
56	Idefix	Turkey	idefix.com	Bookstore	3,274,680
57	Nadir Kitap	Turkey	nadirkitap.com	Bookstore	3,149,250
58	Paytm Mall	India	paytmall.com	Marketplace	3,029,832
59	Tata Cliq	India	tatacliq.com	Marketplace	2,994,405
60	Sharaf DG	UAE	sharafdg.com	Consumer Electronics Shop	2,393,397
61	Builders	South Africa	builders.co.za	Building Materials	2,303,750
62	Luluwebstore	UAE	luluwebstore.com	Food Delivery	2,213,250
63	Game	South Africa	game.co.za	Consumer Electronics Shop	2,098,578
64	Centre Point	UAE	centrepoinstores.com	Marketplace	2,079,856
65	Pepperfry	India	pepperfry.com	Marketplace	2,057,952
66	MRP and MRP Home	South Africa	mrp.com, mrphome.com	Fashion & Clothing Shop	2,042,218
67	Woolworth	South Africa	woolworths.co.za	Home & Furniture Shop	1,925,684
68	Talabat	Kuwait	talabat.com	Food Delivery	1,884,480
69	Maxfashion	UAE	maxfashion.com	Fashion & Clothing Shop	1,828,680
70	Super Balist	South Africa	superbalist.com	Fashion & Clothing Shop	1,767,510
71	X-cite	Kuwait	xcite.com	Marketplace	1,720,190
72	Bid or Buy	South Africa	https://www.bidorbuy.co.za/	Consumer Electronics Shop	1,565,636
73	KFC	US	kfc.me	Food Delivery	1,550,073
74	One Day Only	South Africa	onedayonly.co.za	Deal Products Shop	1,518,660
75	Chaldal	Bangladesh	chaldal.com	Food Delivery	1,479,415
76	Evidea	Turkey	evidea.com	Home & Furniture Shop	1,407,074
77	Konga	Nigeria	konga.com	Marketplace	1,359,033

No.	Company Name	Base Country	Website	Sector	Monthly Unique Visitors from MEASA (May 2020)
78	Incredible	South Africa	incredible.co.za	Consumer Electronics Shop	1,214,381
79	PicknPay	South Africa	https://www.pnp.co.za/	Marketplace	1,213,885
80	Carrefour	France	carrefouruae.com	Food Delivery	1,193,548
81	Modiseh	Iran	modiseh.com	Fashion & Clothing Shop	1,024,797
82	Darukade	Iran	darukade.com	Cosmetics Shop	1,014,832
83	Startech	Bangladesh	startech.com.bd	Consumer Electronics Shop	1,005,417
84	Lion Computer	Iran	lioncomputer.com	Consumer Electronics Shop	979,200
85	Cottonon	South Africa	cottonon.com	Fashion & Clothing Shop	944,611
86	Zando	South Africa	zando.co.za	Fashion & Clothing Shop	904,339
87	Loot	South Africa	loot.co.za	Consumer Electronics Shop	889,770
88	Namshi	UAE	namshi.com	Fashion & Clothing Shop	886,340
89	Want it All	South Africa	https://www.wantitall.co.za/	Fashion & Clothing Shop	886,340
90	Home Shopping	Pakistan	homeshopping.pk	Consumer Electronics Shop	791,289
91	Snap Food	Bangladesh	snappfood.ir	Food Delivery	789,827
92	Home	South Africa	home.co.za	Consumer Electronics Shop	791,289
93	Othoba	Bangladesh	othoba.com	Fashion & Clothing Shop	769,548
94	Edgars	South Africa	https://edgars.co.za/	Fashion & Clothing Shop	769,548
95	Hificorp	South Africa	hificorp.co.za	Consumer Electronics Shop	761,699
96	Sportscene	South Africa	sportscene.co.za	Sports & Clothing Shop	737,266
97	Sportsmanwarehouse	South Africa	sportsmanwarehouse.com	Sports & Clothing Shop	726,999
98	Homechoice	South Africa	homechoice.co.za	Consumer Electronics Shop	712,327
99	Evetech	South Africa	evetech.co.za	Consumer Electronics Shop	690,806
100	Asos	South Africa	asos.com	Fashion & Clothing Shop	673,800

*Souq is added to the list for Egypt, as Souq is branded in its original name in the country and does not redirect to Amazon.

Source: DinarStandard analysis, based on the latest monthly unique visitor/traffic data collected from Similarweb and Alexa, May 2020. Detailed selection criteria in Appendix.



Profiles of Select Leading Companies

Country : United States
Rank : 1
Monthly Users : \$544 million

Amazon is a global internet retailer and one of the largest in the world. Founded in 1994, the tech giant has since developed its business model from being an online bookstore to offering a wide range of consumer products.

Amazon has launched international retail websites in many countries, and regionally it expanded its operations in India, Turkey, and the GCC (through the acquisition of Souq.com in 2017). Amazon holds a quarter of the total unique monthly visitors of the top 100 MEASA eCommerce sites. It marked a market capitalization of nearly \$920 billion at the end of 2019.



Country : United Arab Emirates
Rank : 19
Monthly Users : \$12 million

This multi-category online marketplace, Noon, was founded in 2016 and is one of the largest eCommerce markets in the GCC. It has also partnered with eBay to allow regional customers to purchase products from the U.S. and other parts of the world.

In response to the COVID-19 crisis, Noon launched its “Noon Food” feature in the noon.com app. It is a restaurant-first platform dedicated to supporting local businesses through deliveries. Moreover, it partners with Dubai Economy’s DED to build a platform, Mahali, to connect and leverage eCommerce for local startups.

Country: Nigeria
Rank: 13
Monthly users: 26.7 million

Launched in Lagos in 2012, Jumia has now expanded to 5 other countries: Egypt, Morocco, Ivory Coast, Kenya, and South Africa. It provides a holistic eCommerce ecosystem through Jumia Logistics and JumiaPay.

Marking its 8th Anniversary in 2020, Jumia continued to provide various initiatives during the COVID-19 crisis, including providing a wide range of essential products at the best prices.





Profiles of Select Leading Companies

Flipkart



Country: India
Rank: 3
Monthly users: 149 million

Flipkart is one of the eCommerce marketplaces in India, as well as the MEASA region with around 149 million unique users from the region in 2020.

It sells over 30 million products across multiple categories. In July 2020, Flipkart strengthened its B2B eCommerce, wholesale presence with the acquisition of Walmart India.

takealot.com

Country: South Africa
Rank: 22
Monthly users: 11.8 million

Launched in 2011, Takealot is one of the leading eCommerce marketplaces in South Africa. The platform has evolved rapidly by opening and expanding its warehouses in Cape Town and Johannesburg. It provides a wide range of products, including electronics, home & kitchen, and sport and fashion products. Takealot also controls its own logistics and delivery, with the purchase of Mr. Delivery.

AliExpress™

Country: China
Rank: 8
Monthly users: 70 million

Alibaba's worldwide online shopping platform, AliExpress, was launched in 2010 to offer products to mainly international consumers. AliExpress is one of the most used eCommerce apps around the world, with 70 million users in MEASA as per our analysis.

In August 2019, the company opened its very first physical store in Spain. AliExpress also aims to shorten delivery times in Europe by 30%, using a special air freight route from China.



3. Select Interviews

Geoff Walsh

Country Manager, DHL Express UAE



What have been the unique success factors in your company?

We drive our focus and strategy through four main pillars: motivated people, great service quality, loyal customers, and a profitable network. Our people are the core and backbone of this organization, and we make sure that we have engaged and motivated employees, who can then deliver excellent service quality to our customers.

This is reflected in our recent «Great Places to Work» award as the second-best place to work globally. We are a global organization with a network across 220 countries. Our Global Standard Operating Procedure ensures customers everywhere receive the same high-quality experience. Additionally, our IT platforms have all been merged, giving each customer an easy and uniform experience.





What is the role of automation in your business?

Digital technologies help speed up our business; tasks can be performed with great speed, ease, and flexibility. Digitalization strengthens global connectedness, benefiting both our customers and our employees. DHL has recently signed a strategic agreement with Dubai customs to introduce a blockchain-trusted platform that supports the facilitation of cross-border eCommerce by making the process easy and secure for the shipper, DHL, and customs. This initiative was also recognized by the WTO.

How do you ensure a seamless customer experience via eCommerce?

Logistics companies such as DHL play an important role in how quickly local businesses grow. We can open the world up to local companies by giving them access to the 220 countries in our global network. Inbound shipping is popular these days, and customer purchasing habits have gone mobile. The most crucial customer interaction with online shopping is often the last-mile delivery. Our on-demand platform and DHL app allow customers to control their delivery experience through customized services.

Which countries in the region do you think offer the greatest opportunities for eCommerce?

Around 12-15% of the global retail market is based on eCommerce, while in the Middle East, it is only 2-3%, illustrating how much room there is for growth. The three largest markets are Saudi Arabia, the UAE, and Kuwait, and we are focusing on expanding our presence in these markets. From a logistics point of view, the biggest inbound lanes are the US, Asia, and Europe. Intra-Middle East is still a modest market, though it will continue to grow.

What is the role of Dubai, the UAE, in expanding your eCommerce business?

Thanks to its multimodal transport infrastructure, the UAE is a real logistics powerhouse. Sea, air, rail, and road come together to make Dubai the perfect place for logistics businesses. The future is bright, and we predict growth, especially with the plans for Expo 2020, UAE Vision 2021, and the 2030 strategy. The UAE is also driving enhanced connectivity with Asia and Africa by introducing various strategic logistics solutions. I am optimistic about what the future holds for the logistics sector in Dubai, and investment opportunities will continue to grow.

Hadi Raad

Regional Head of Digital Solutions



How has eCommerce evolved in the MEASA region?

If we summarize the evolution of the eCommerce space in the region, we can broadly see the following:

- **Rise of eCommerce:** We have seen an increase in eCommerce activity and penetration as more segments begin offering online services across verticals such as governments, telecom, retail F&B, and logistics.
- **Proliferation of Digital On-Demand and Subscription services:** Careem, Cafu, Farmbox, and the like are reinventing commerce from traditional face-to-face to digital experiences. These are typically based on 'set and forget' payment models with credentials on file, enabling a seamless customer experience.
- **Cash on delivery (COD) displacement:** COD in the MENA region has been declining over recent years as more consumers are able to access financial services, have increased trust in digital payments, and are offered alternative payment solutions by merchants.
- **SME merchants growing:** Part of the growth in eCommerce is due to SMEs increasingly offering goods and services online. In addition, government support for SMEs has helped reduce barriers to entry.
- **Digital payment acceleration:** Payment options such as «pay» buttons and Visa's Click to Pay provide customers with a faster, more secure, and seamless eCommerce experience.





How has COVID-19 impacted your business and payment behavior in the region?

The COVID-19 pandemic has accelerated customers' shift towards eCommerce, as they are increasingly relying on digital services for their daily needs. Visa's COVID-19 Impact Tracker, a survey of merchants and consumers across the Central Europe, Middle East and Africa (CEMEA) region, found that the outbreak led around two-thirds of consumers in the UAE (68%), as well as in neighboring Saudi Arabia (66%), to shop for groceries online. The pandemic has also sped up the demand for cashless options.

Based on a global study we undertook, we saw that 9 out of 10 UAE consumers have changed how they pay, opting for online (59%) and contactless payment (52%) when they can.

From a merchant perspective, Visa's COVID-19 Impact Tracker found that more than 80% of small businesses in the UAE and 93% in Saudi Arabia have seen their revenues negatively impacted following the outbreak. However, SMEs are also pivoting to a digital-first mindset. For example, according to our Back to Business study, 94% of SMBs in the UAE, compared to 67% globally, have pivoted to keep their businesses on track since the outbreak. Visa's priority in this environment is to help enterprises to thrive both online and offline by offering innovative payment solutions as we lead the way to the next frontier in mobile and digital payments.

What are the future trends you are trying to capture or would like to address?

In the long term, we see eCommerce and digital payment penetration expanding further, supported by the following trends:

- **Expanded acceptance:** Increased provision of acceptance solutions, including in-app payments, POS terminals, QR solutions, and others.
- **Personalization:** Merchants are increasingly analyzing customer's shopping behaviors, demographics, and other trends to provide personalized products and recommendations.
- **Digital payment expansion:** Other payment options such as cards, biometrics, and «pay» buttons, such as Visa's Click to Pay, will remove the hassle of entering payment details for each transaction.
- **Social commerce and in-app purchases:** Social media platforms such as Instagram are integrating the eCommerce experience in their platform with inapp checkout, allowing users to make purchases without leaving the app.
- **Technology advancement:** Increase the use of technology to further evolve the end-to-end eCommerce experience, such as augmented reality for Try-Before-you-Buy and artificial intelligence for enhanced product discovery and personalization.



Firas Ahmad

Group CEO and Co-Founder, AzamPay, East Africa



What is the state of eCommerce in Sub-Saharan Africa?

The state of eCommerce is still practically in its infancy, maybe in pre-infancy in most of Sub-Saharan Africa. Nigeria and Kenya are a bit more advanced but still have a long way to go. With the COVID-19 pandemic, online grocery and delivery has emerged, but the market is still small.

Main factors include literacy around smartphone and application usage, which is still limited to only the wealthy, educated or expats. Around 90-95% of these economies are still cash based, which follows lack of

trust on online shopping; failure to receive the right order for instance.

I do not see a lot of digital cross-border trade. Tanzania is well suited for regional trade because of the port, the Darussalam port. A lot of goods that go to Congo, Rwanda, Uganda come through Tanzania. Even our own parent company Azam, manufactures a lot of fast-moving consumer goods that end up in places like Rwanda and Congo.

Digitally I don't see much cross-border activity, but landlocked countries, like Rwanda, Uganda, Zimbabwe, do require some regional trading partners.





What are the strengths of the African market that can foster eCommerce?

The greatest strength of Africa is its fastest growing world economy by percentage. Over the next 10-20 years, you will not see double digit growth in China or India anymore, but in Africa. Increasing middle-class is also a strength, where if you look at East Africa, Tanzania, Uganda, Kenya, Rwanda are about 215 million. More middleincome manufacturing will emerge along with intra-trade. Rwanda, for instance, launched the first African smartphone, a locally manufactured Android smartphone which is not bad at all.

About Azam Pay and strategies for the African market.

The money maker in Africa is payments, not eCommerce. One of the key takeaways that we've realized in our work is that payments in Africa is primarily a transaction tool, not a trust building mechanism. So, the payments companies are essentially driving value from the movement of money not the movement of goods or services. We started with the idea of how to succeed in both payments and eCommerce. We see the two is very much together. In fact, three things bring tremendous opportunities for digital shopping – eCommerce (product), digital payments and logistics.

Look at Alibaba for instance. They built Ali Pay, a payment platform, that allowed them to expand Alibaba. Ecommerce is not a

single play value proposition. I think you need at least a double play which is eCommerce and payments. Or a triple play which is eCommerce, payments and logistics.

Solving for those issues is very complex and very difficult to do, but at the same time it is a huge opportunity because there's nobody really doing it. That's what our interest is in the future, to see how we can build an ecosystem around transactions in eCommerce and digital payments, as opposed to focusing on a one-off.

Of the challenges mentioned earlier, which ones are pressing issues and what could be done to overcome them?

Consumers in Africa are very price sensitive. Key is to solve the logistical barriers around the cost. We deal with a lot of big importers, but I believe on the eCommerce side, you would probably need to follow the example of Amazon - identifying what products sell on the platform and then trying to import those directly to the region. And selling those through a platform that does not involve too many middlemen. The real value proposition for eCommerce in Africa is cutting out too many middlemen that take a little piece of each product when changing hands, adulterating the product. Having more control over the supply chain can help and that's where market like Dubai might be able to be a hub for supporting smooth processes.

MEASA eCommerce Strategic Enablers



Introduction

Earlier in the report, we discussed B2C eCommerce growth opportunities and challenges faced by the players in the MEASA region. This section provides 15 success criteria across the eCommerce value chain that can enable B2C

eCommerce players to successfully capture the region's rising online shopping momentum. At each stage of the value chain, select technology opportunities are also highlighted from the innovation trends discussed earlier.

1. Success Criteria and Technology Opportunities

15 Key Success Criteria and Technologies

Products / Sourcing	eCommerce Platform	Logistics / Distribution	Customer Engagement
1. Wider Product Options	3. eCommerce Storefront and OMS	6. Warehousing/ Fulfillment	10. Omni-channel Retail
2. Value for Money	4. mCommerce and Social Commerce	7. Distribution-Third Party Logistics (3PL)	11. Digital Payment Solutions
	5. Security & Data protection	8. Distribution - Efficient Self Delivery	12. Financial Inclusion and eCommerce Awareness.
		9. Economic Freezones	13. Cross-border eCommerce



Technology

Blockchain ; 3D printing	Big Data analytics ; Cloud computing	IOT and Blockchain; Big Data analytics; RPA; SaaS model	VR/AR ; eWallet; AI and ML
Support Services			

- Government Policy and Support
- Accessibility of Financial Services

New Tech : Fintech, Cloud banking, 4G & 5G connections



Products/Sourcing success criteria:

Wider product options:

Despite the high eCommerce sales growth rate and internet and mobile penetration rates, the MEASA region has relatively low eCommerce penetration. The predominant reason being limited product choices. As highlighted

earlier, the top four eCommerce categories make up 80% of the MENA eCommerce market. So, providing vast and differentiated product options is a critical success criterion to capture the growing eCommerce market.

Value for money:

Apart from a seamless eCommerce experience, consumers in the region are also price sensitive, which necessitates considering factors that negatively impact value for money, including limited product options, cost-of-doing-business, high logistics, and delivery costs.

Technology opportunities:

- **Blockchain:** deploying blockchain for supply-chain management can give MEASA eCommerce players a distinct advantage in building customer trust and supply chain efficiencies.
- **3D printing:** 3D printing technologies for consumer goods are expected to emerge to enable eCommerce leadership to early adopters.



eCommerce Platform success criteria:

eCommerce Storefront and OMS (Order Management System):

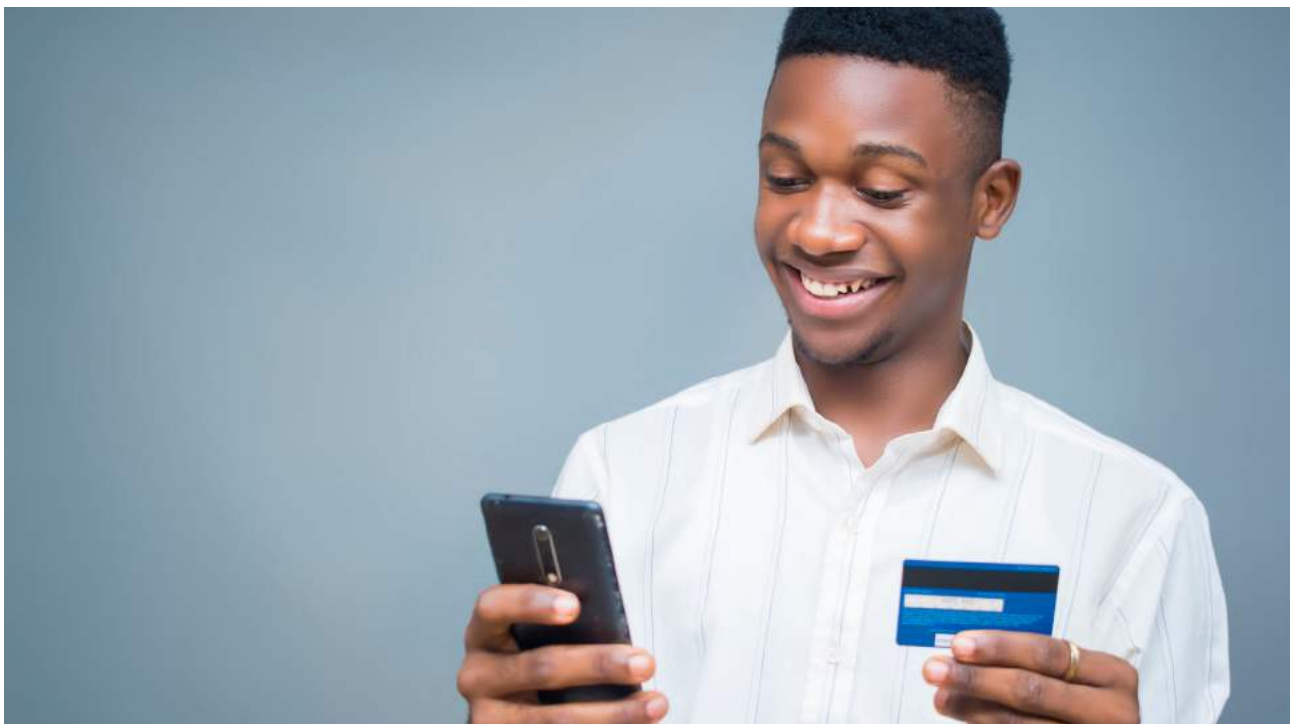
Following the fact that consumers value money, selecting the best eCommerce storefront is as important as choosing the right physical store. Moreover, having an efficient and flexible OMS

(order management system) that allows tracking orders, sales, inventory, fulfillment, and customer engagement, is also key to meeting customer expectations.

mCommerce and Social Commerce:

With mass internet and smartphone adoption in the MEASA region, there is a high potential for eCommerce, especially mobile commerce (mCommerce) and social commerce growth. Social

media as an eCommerce platform is called social commerce, entailing that engagements over this channel should go beyond promotions to direct-buying propositions.





Security and Data Protection:

Whichever digital eCommerce channels are opted for, it is crucial to consider the security of the platform and data privacy issues. Credible and robust security protocols and technologies for cybersecurity must be leveraged, including available verification and certifications for consumer confidence building. However, added security should not come at the cost of a seamless user experience.

Technology opportunities:

- **Big data analytics:** leveraging big data analytics for personalization will provide key differentiation and efficiencies on OMS.
- **Cloud computing:** will help businesses secure, scale, reduce costs, and increase flexibility for online sales.



Logistics/Distribution success criteria:

Warehousing/Fulfillment:

Proper warehousing or fulfillment systems incorporated with modern inventory management technologies must be leveraged.

Distribution - Third-Party Logistics (3PL):

Using third-party logistics (3PL) can help eCommerce players with efficient logistics management, especially those new to the market.

Their expertise, latest technology solutions, and capability to handle fluctuating volumes can be of great assistance.

Distribution - Self-delivery:

However, if a company seeks to manage distribution on their own, firstly, the distribution strategy (make versus buy) must be

analyzed, along with ensuring high delivery efficiency in meeting customer expectations.

Economic Free Zones:

The cost of logistics/distribution may be highly impacted by import/export custom duty and tax regulations, directly affecting the final cost of goods to consumers. Economic Free Zones mitigate taxation challenges, enabling sellers to provide cost-effective products and services to consumers.

Technology opportunities:

- **IoT and blockchain:** suitable blockchain model for supply chains are those integrated with IoT devices, enabling real-time monitoring and control.
- **Big data analytics:** inventory management and delivery optimization can be achieved through big data analytics.
- **Robotic Process Automation (RPA):** RPA can help automate repetitive, time-consuming tasks such as data entry. Other applications of robotics include robot-enabled fulfillment centers and drones for logistics management.
- **SaaS model:** Cloud computing category, the SaaS (Software as a Service) model refers to third-party cloud eCommerce solutions on a pay-as-you-go basis. It helps reduce upfront costs.



Customer engagement success criteria:

Omnichannel Retail:

Connecting to the comprehensive product range criteria, one way to effectively achieve it is through the omnichannel strategy. Consumers go through various channels before making a purchase decision on one

channel. This trend in consumer habits means eCommerce propositions will have to integrate and provide a standard experience over a variety of online and offline channels.

Digital Payment Solutions:

One of the key challenges of eCommerce in the MEASA region is the prevalence of cash on delivery (COD). Limited credit card penetration, as well as lack of trust and awareness, are some leading

causes. Partnering with major payment solutions providers and offering various digital payment options is critical, such as credit cards and mobile wallets.

Financial Inclusion and eCommerce Awareness:

In addition to the payment options, awareness is also crucial. Given the region's relative lack of financial inclusion and understanding of eCommerce options, governments, industry, and academia can

collaborate and arrange awareness campaigns. This model of collaboration, in theory, is well known as the "triple-helix model" of innovation.

Cross-border eCommerce:

Given the high preference for cross-border eCommerce in the MEASA region, this trend brings valuable opportunities for customer engagement. Understanding consumer interests, integrating proper logistics, distribution and marketing strategies are some criteria for cross-border players to consider.

without visiting physical stores, increasing customer service efficiency and return rate.

- **eWallet:** also known as mobile wallets, can provide consumers with a secure electronic platform to store cards and use instantly.
- **A.I. and ML:** Artificial Intelligence (A.I.) and Machine Learning (ML) enable personalized and convenient customer service. For instance, use of chatbots on websites and other mobile applications.

Technology opportunities:

- **VR/AR:** these can provide a unique and convenient shopping experience, such as try-ons





Support Services success criteria:

Government Policy and Support:

Regulations and assistance provided by governments, such as providing free zones, or dedicated eCommerce economic and infrastructure zones, proper road infrastructure and addressing system (area codes, street and housing addressing system). Government policies are needed to address challenges around custom duties, taxation, and consumer data protection.

Accessibility of Financial

Services: In addition to awareness, financial inclusion also necessitates accessibility to financial services. Governments, global technology players, and banks need to work collectively on improving the accessibility of banking and financial services across the region.

Technology opportunities

- **Fintech:** leveraging mobile wallet solutions since mobile penetration is high in the region.
- **Cloud banking:** allow banks to leverage data analytics and cloud computing solutions to use resources efficiently.
- **4G and 5G connections:** governments need to build proper internet infrastructure with a more expansive reach within the country. Leveraging fast internet connectivity in the region is crucial, where 5G is the next-gen internet solution, emerging with increased speed, bandwidth, and reduced latency.

2. Role of Free Zones in eCommerce

Creating the right environment for eCommerce companies can stimulate the economic development of a country. Thus, it is crucial to have a decisive strategy to meet the outlined objectives. Free Zones can play a significant role as incubators, enabling the eCommerce players to achieve their full potential. When a balanced ecosystem is created,

all stakeholders will witness growth. The Free Zone should facilitate access to local, regional, and global markets.

Below are some of the challenges, highlighted earlier, that the MEASA eCommerce market face, mapped against the Free Zone enablers that can help address these challenges.

Challenges of MEASA eCommerce Market		How Free Zones can help address these challenges
Regulations	Cross-border eCommerce tax and trade barriers	Favorable regulation and ease of doing business Free Zones are more attractive for international players due to their favorable regulations for cross-border trade, such as 100% ownership, no taxes, repatriation of profit/capital, and more flexible labor laws. The UAE, for instance, is among the top attractive FDI markets globally and is leveraging eCommerce growth through Dubai CommerCity – regions' first Free Zone dedicated for eCommerce. Dubai as a hub will allow easy access to regional and international players for B2C and B2C cross-border eCommerce trade.
	Protection for consumers and retailers	
Consumer behavior	Financial inclusion and eCommerce awareness	Providing a robust eCommerce ecosystem Free Zones can provide state-of-the-art facilities and infrastructure (such as access to airports and ports), enabling eCommerce players to move goods safely and efficiently.
	Digital Payment – High preference for cash-on-delivery (COD)	
	Security and privacy concerns	
Infrastructure	Ecommerce Infrastructure	They act as a one-stop-shop, covering services along the eCommerce value chain: product sourcing, secure web development, leading payment gateway, fulfillment, and last-mile delivery services, omnichannel retailing, customer engagement, and support services
	Low credit card penetration and financial inclusion	
	Lack of trust in online payment and delivery	
	Last-mile logistics and delivery are still underdeveloped	

3. Dubai, UAE - MEASA eCommerce Hub

As seen earlier in the MEASA eCommerce growth drivers, the UAE has been leading many eCommerce-related rankings regionally and globally as well. From

having one of the highest internet penetrations worldwide to ease of doing business, the UAE is an ideal eCommerce hub.



38.3%

Highest CAGR eCommerce sales in the MEASA region



99%

Highest global internet penetration



1st

First in Mobile Broadband Subscription



51%

mCommerce Adoption



16th

Ease of Doing Business



11th

Logistics Performance Index

UAE Smart Strategies



- Dubai Blockchain Strategy
- UAE Strategy for the Future
- UAE AI Strategy 2031
- National Cybersecurity Strategy
- UAE 4th Industrial Revolution Strategy
- Dubai 10X project
- National Food Strategy 2051

Dubai is one of the leading cosmopolitan cities globally and a commercial hub with state-of-the-art business infrastructure and facilities for cultural development melded with the tradition and heritage of a pillar Arab country.

Dubai has always successfully positioned itself as a hub for multinationals and innovative startups who want to access the MEASA region. This success is led by a long-term vision and comprehensive growth strategy where the eCommerce sector

is next in line. With the first Free Zone in the MENA region dedicated to eCommerce, Dubai CommerCity is stepping up to claim its position as the regional eCommerce hub.

Dubai: MEASA eCommerce Hub



455 Million

Consumers reachable within a 2 Hours Flight.



6th

Top FDI Performer



World's Best Airports

Dubai International Airport and Al-Maktoum International Airport



Largest

Region's largest eCommerce retailer Noon.com

Dubai's strategic location: Dubai implemented business-friendly government policies, attracting more than 200 nationalities living in Dubai. Strategically located at the heart of the crossroad of Eastern and Western markets, companies can reach up to 455 million consumers within a 2-hour flight.

Identified by the World Bank as the best place to do business in the MENA region, Dubai is home to 30 Free Zones and industrial clusters: tax-free, first-class physical infrastructure, with access to an experienced and skilled workforce. Dubai also hosts several international exhibitions and trade shows.

Growing FDI: Dubai placed among the top positions in FDI performers in 2019, proving its attractiveness to global investors.⁷⁶ Dubai is also ahead in the number of FDI projects and total FDI capital in the MENA region. It recorded the highest ever FDI capital inflows in 2018, of about AED 38.5 billion (over \$10 billion), a 41% increase from last year.⁷⁷

Best infrastructure: Dubai is home to two of the world's best airports, Dubai International Airport and Al Maktoum International Airport, where Dubai Airports are the Middle East's first cargo handling facility to be awarded an ISO 9002 certificate in 1998.⁷⁸ Dubai is also known for maintaining its high-quality roads and public transport and connectivity, including the state-of-the-art Dubai Metro.

Multinational eCommerce: Dubai is an important regional hub for multinationals across sectors, including eCommerce players such as Landmark Group, Chalhoub Group, DHL, and Visa. Dubai, with its excellent air and sea transport connections and high-class and modern infrastructure, has a real opportunity to act as a facilitation center for eCommerce within the MEASA region.

Entrepreneurial Hub: The city has one of the most advanced startup ecosystems in the world, with world-class incubator and accelerator programs, such as Impact Hub, Afkar.me, and Dubai Future Foundation. Dubai CommerCity is a leading example of an eCommerce Free Zone dedicated to facilitating growth and promising startups in the region.

The city has also produced some of the region's most prominent companies, including the region's largest eCommerce retailer, Noon.com, which is among the top 20 MEASA eCommerce companies, as listed in this report earlier.

Dubai is confident in being the right partner to offer a nurturing ecosystem for eCommerce players who want to reach out to the growing online shoppers in the MEASA region. Dubai CommerCity is set to boost Dubai's leading position in global trade by providing an ideal hub for eCommerce players.





MEASA eCommerce Roadmap



Overview

This report has presented a tremendous growth opportunity for B2C product eCommerce across the MEASA region. The region's eCommerce market is still in its infancy relative to the size of the market potential. At the same time, certain structural barriers are being addressed by governments but need to be tackled further. In

this section, we present, 1) a clear growth checklist for companies who want to succeed in the MEASA region's B2C product eCommerce sector based on reports insights, 2) a strategy roadmap for government entities to ensure the region's eCommerce market thrives with competitive level playing field, ensuring local and regional competitors' successes as well.

1. eCommerce Growth Checklist

Below is a growth success checklist for eCommerce businesses to succeed in the region based on all the key findings of this report. The checklist worksheet is aligned to the key value-chain framework referenced in this report, representing all areas to be covered by any eCommerce player and considering all areas of insights from the report.

MENASA eCommerce Growth Checklist Worksheet:

1) Product/ Sourcing		
Key Questions	Key Considerations	Your Notes
<ul style="list-style-type: none"> • What is the optimal eCommerce proposition strategy (marketplace, sectorspecific, such as fashion products)? Are you a strong enough offline retail brand to pursue a dedicated brand site? • Geographically, which MEASA markets are the best fit to your capabilities/offering, have access, and are growing? • What is the right business model to ensure sustained revenue growth as well as profitability? • What is the right supplier strategy (specific partnership, exclusivity, distributorship, dropshipping)? • What is the right supplier strategy (specific partnership, exclusivity, distributorship, dropshipping)? • What are the emerging technology opportunities and innovation trends? 	<ul style="list-style-type: none"> • Multi-product marketplaces are dominant in MEASA; Other popular categories: consumer electronics, fashion, food delivery. Refer to Chapter Section 6 and Section 4 • South Asia represents the largest volume opportunity, while GCC markets are growing the fastest over the three-year forecasted period. The UAE and Saudi Arabia are among the promising eCommerce markets in the region. Refer to Section 5 • Cross-border eCommerce is prevalent in the region for scaling, reach, and price competitiveness. • Technology opportunities: Blockchain; 3D printing. Refer to Section 4 	

2) eCommerce Platform

Key Questions	Key Considerations	Your Notes
<ul style="list-style-type: none"> • Do you leverage the existing major marketplace for your eCommerce or market your own? • If you will create your own, will you build it or leverage a ready integrated eCommerce solution/ OMS? • Should you be a mobile-first eCommerce platform? How do you ensure its full accessibility? • Is your eCommerce security and data protection on par with customer and compliance expectations? • What are the emerging technology opportunities and innovation trends? 	<ul style="list-style-type: none"> • Marketplace considerations: Their reach, fees/commission, service-level KPIs, integration with own store, operational support • Opensource platforms such as Magento, Prestashop. Drawback: Limited configuration. • Plug-and-play platforms such as Amazon, Shopify. Drawback: Not much customization. • Mobile eCommerce and Social Commerce are currently dominant globally and in the region. Refer to Section 4 • Technology opportunities: Big data analytics; Cloud computing. Refer to Section 4 	

3) Logistics/ Distribution

<ul style="list-style-type: none"> • What is your logistics/ distribution strategy? • Have you calculated custom duty and tax impact? • Have you calculated other administrative fee and charges from government and non-government entities across your value-chain and distribution including last mile delivery? • Have you evaluated selfdelivery service against Third-Party Logistics (3PL)? • What are the emerging technology opportunities and innovation trends? 	<ul style="list-style-type: none"> • Third-party logistics solutions (3PL) are a prevalent strategy given the complexity and cross-border needs. Refer to Section 7 • Technology opportunities: IoT and Blockchain; Big data analytics; RPA; SaaS model. Refer to Section 4 	
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4) Customer Engagement

Key Questions	Key Considerations	Your Notes
<ul style="list-style-type: none"> • How are you effectively incorporating an omnichannel strategy in product sales, marketing, and servicing? • Have you identified and set up the right payment options for your market? • How will you engage and build a loyal and informed consumer base? • What are the emerging technology opportunities and innovation trends? 	<ul style="list-style-type: none"> • Omnichannel selling, marketing, and servicing is now an imperative in eCommerce success. Refer to Sections 4 and 7 • COD are prevalent payment options, while fintech solutions (such as eWallets) are evolving Refer to Sections 4, 5 and 7 • Lack of consumer awareness needs to be creatively handled by individual eCommerce players. Social media engagement, cross-border marketing, and collaboration with government and academia can be considered. Refer to Sections 5 and 7 • Technology opportunities: VR/AR; eWallet; A.I. and ML. Refer to Section 4 	

5) Support/ Operations

<ul style="list-style-type: none"> • Do you have a competitive operational setup and resourcing strategy and plan? • Have you considered setting up in an economic Free Zone? • Have you considered partnering with major payment solutions providers to offer a variety of digital payment options? • What are the emerging technology opportunities and innovation trends? 	<ul style="list-style-type: none"> • Free Zones offer strong options in terms of favorable regulations, robust eCommerce ecosystem, and optimal infrastructure and facilities. Refer to Section 7 • Technology opportunities: fintech, Cloud banking, 4G & 5G connections. Refer to Section 4 	
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2. eCommerce Strategic Considerations

As concluded by this report's finding, while eCommerce in MEASA has high growth opportunities globally, certain key structural barriers must be addressed at the government and industry support level. This is important to ensure that the region's eCommerce market thrives on a competitive yet level playing

field, enabling local and regional competitors to succeed given their bigger impact on local economies. The following are five broad government and industry level strategic considerations identified around key eCommerce barriers, each providing specific, actionable focus areas.

1) Robust policy framework:

- **Taxation:** Governments need to develop clear and simplified policies around custom duties and taxation that usually cause custom delays and increased cost of cross-border trade.
- **Stakeholder protection:** Regulators must protect both customers and retailers during disputes on delivery, product quality, and data privacy issues. This can be achieved by developing an overarching regulatory framework addressing these issues.
- **eCommerce standards:** The eCommerce ecosystem should involve setting standards that reward companies with a quality assurance certificate on meeting criteria such as speed, user-friendliness, secured payment methods, a customer charter, and standard terms and conditions.

2) Consumer awareness and trust-building:

- **Coordination:** A focused coordination between government and industry will ensure key structural challenges are prioritized and effectively addressed. Academia can also play a role in driving campaigns to raise financial and eCommerce awareness.
- **Incentives on digital payment:** Certain marketing strategies should be devised to entice shoppers toward eCommerce platforms and digital payment. These include discounts, special offers, gift vouchers, or cashback on prepaid orders.
- **Secure eCommerce platform:** Strong and credible security protocols and technologies for cybersecurity must be leveraged on eCommerce platforms used, including available verification and certifications for consumer confidence building.
- **Omnichannel strategy:** Brick-and-mortar players must leverage the omnichannel approach, providing products and services online as well. Personalization and offline customer engagement will be a critical factor in influencing purchase decisions.





3) Logistics and postal services

- **Delivery:** Several delivery options must be considered, such as click-and-collect for traditional retailers, considering the challenges they face around delivery. Ordering in-store for home delivery is another method.
- **Logistics:** Retailers must review their distribution strategy (make versus buy) and assess the need to build new fulfillment/warehouse

facilities. In addition, eCommerce players must capitalize on technology and evaluate strategic partnerships with 3PL providers.

- **Addressing systems:** Governments must develop infrastructure that support eCommerce ecosystem, including proper street and house addressing systems, road and internet infrastructure.

4) Modern digital infrastructure:

- **Technology:** Retailers need robust digital infrastructure to build efficient in-store and online shopping operations. Advanced technology such as 111 data analytics, blockchain, and the Internet of Things (IoT) can make supply chains efficient through real-time inventory management and provide personalized customer service solutions.
- **Innovative cultural mindset:** A key catalyst for the strong growth of the regional eCommerce market would be a shift in the

cultural mindset. Business leaders must create an innovation culture, rewarding learning, and making lessons easily available and hachable.

- **Free zones:** Governments should consider developing dedicated eCommerce economic and infrastructure zones to facilitate eCommerce players with services they need from fulfillment to digital marketing agencies, supported by incentives and favorable regulations.

5) Collaboration/partnerships with global players:

- **Collaborating with telecom players:** E-Wallets (or mobile wallets) are emerging payment solution trends, and companies can leverage this opportunity by collaborating with telecom players and taking advantage of the MEASA's high mobile penetration.
- **Internet connectivity:** Governments should address internet connectivity issues to foster growth opportunities around smartphone and internet penetration.

- **Financial institution engagement:** Banks and other financial institutions should be stimulated to provide retailers with various payment options. Digital payment solutions are secure and enable cross-border transactions. Governments must also ensure that regional players have access to globally accepted and viable payment system/gateways.



Dubai CommerCity



Dubai CommerCity – Pioneering Regional eCommerce Free Zone

Dubai CommerCity is the first and leading free zone dedicated exclusively to eCommerce in the Middle East and North Africa (MENA) region. With an area covering 2.1 million square feet and an investment of around \$1 billion, Dubai CommerCity is uniquely designed to cater to regional and international eCommerce businesses.

The free zone is perfectly placed to benefit from the expected eCommerce growth in the region that is outpacing the global growth average. It provides a unique eCommerce ecosystem and a comprehensive turnkey eCommerce solution for businesses to run effectively and seamlessly. Other than complete business setup and customs support, Dubai CommerCity also offers eCommerce strategy consulting, guidance on eCommerce regulations in the region, end-to-end logistics solutions inclusive of warehousing and last mile delivery, complete eCommerce platform solutions, digital marketing services, and other support services, including but not limited to, photo studios, call centers, among others.



Key Value Proposition:

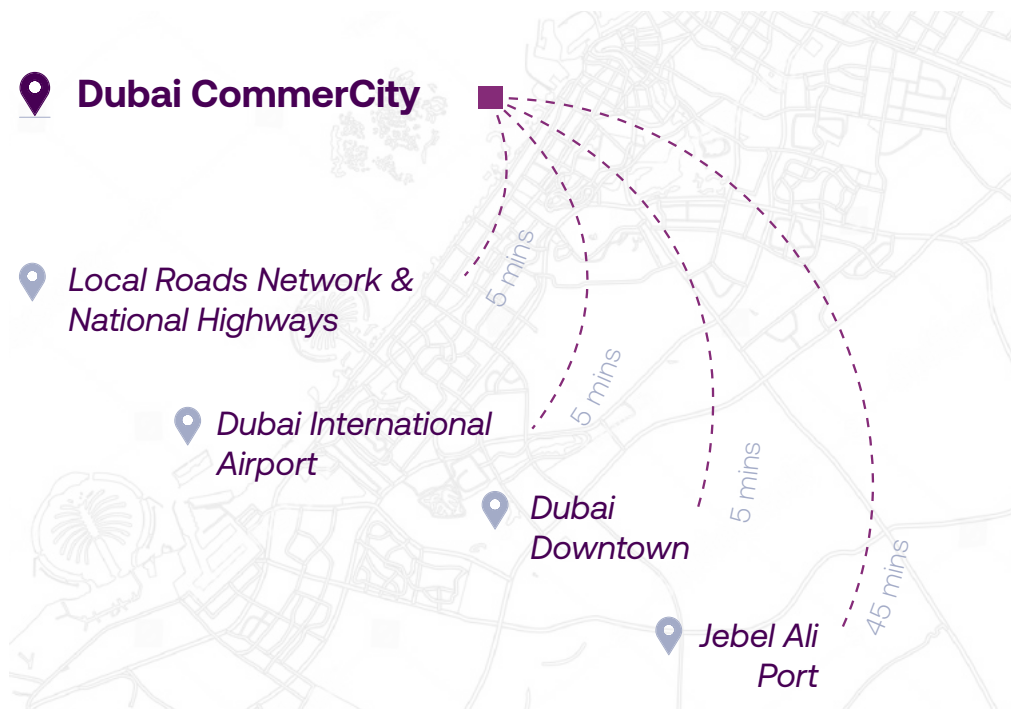
Dubai CommerCity has exceptional competitive advantages and offers a unique value proposition to support its clients in helping them grow and further scale their business. Below is a comprehensive list of the key value propositions offered by the Dubai CommerCity.

Location:

Dubai CommerCity is located in the heart of Dubai and at the center of the regional trade route, providing access to over 2 billion people within a 2-hour flight radius.

Strategically located next to Dubai International Airport, the free zone is specially designed to enable fast eCommerce fulfillment across the region.

Its proximity to Dubai International Airport allows for short delivery lead times which is key for regional shipments and being closer to city's key facilities and infrastructure permits strong connectivity and reach to serve the local market.



State-of-the-art infrastructure

Dubai CommerCity has implemented state-of-the-art technologies to provide eCommerce businesses and investors with a smart and quality-focused ecosystem. Some of these top-notch facilities include:

- High-end modern business community zone
- Premium offices (Grade-A offices compliant with 'Leadership in Energy and Environmental Design' program) with flexibility and scalability options
- Multi-client shared warehouses and modular dedicated LIUs

- Modern Social Cluster (diverse food court, shops and quality amenities within walking distance)
- Clusters equipped with the latest technologies designed for eCommerce businesses
- High-speed network connectivity

Facilities:

Split into three clusters, all facilities enjoy state-of-the-art technology, offering occupants the greatest advantage in the market.



Business Cluster

The Business Cluster comprises of 12 office buildings featuring modern and innovative exteriors and landscapes all compliant with the LEED (Leadership in Energy and Environmental Design) program. Making use of renewable energy and reusable water wherever possible, the Cluster promotes sustainability. Premium Grade A offices for rent offers flexibility and scalability options and modern interiors offers an environment that promotes constant engagement.



Logistics Cluster

The Logistics Cluster consists of dedicated warehouse units of different sizes to suit eCommerce businesses and a shared multi-client warehouse operated by our partners with a pay-as-you-go pricing model. The cluster offers end-to-end warehousing services including order management systems, streamlined customs clearance processes, and last mile delivery services from the bonded warehouse facility directly to the consumer. The cluster is designed with rooftop PVC solar panels for generating clean energy.



Social Cluster

The Social Cluster is home to a variety of diverse food halls, cafes, restaurants, art galleries and open spaces. It is in the heart of Dubai CommerCity offering vibrant facilities ideal to take a break from the fast-paced office environment or simply grabbing a coffee. It also offers display centers for businesses to showcase their products to general public and multi-purpose halls that can be utilized for conferences, art displays or fashion shows.





Free Zone benefits

Apart from the high quality and sustainable infrastructure, the Dubai CommerCity also provides an array of setup benefits. These include:

Tax incentives

- No corporate tax
- No income tax

Business setup incentives

- Fast and efficient business setup solutions
- Seamless customer experience throughout the entire customer journey and across all touch points

- Special eCommerce licenses
- Smart-cost structures
- Significantly pre-negotiated partnerships to ensure the highest level of quality and services for eCommerce businesses of all sizes

Investment incentives

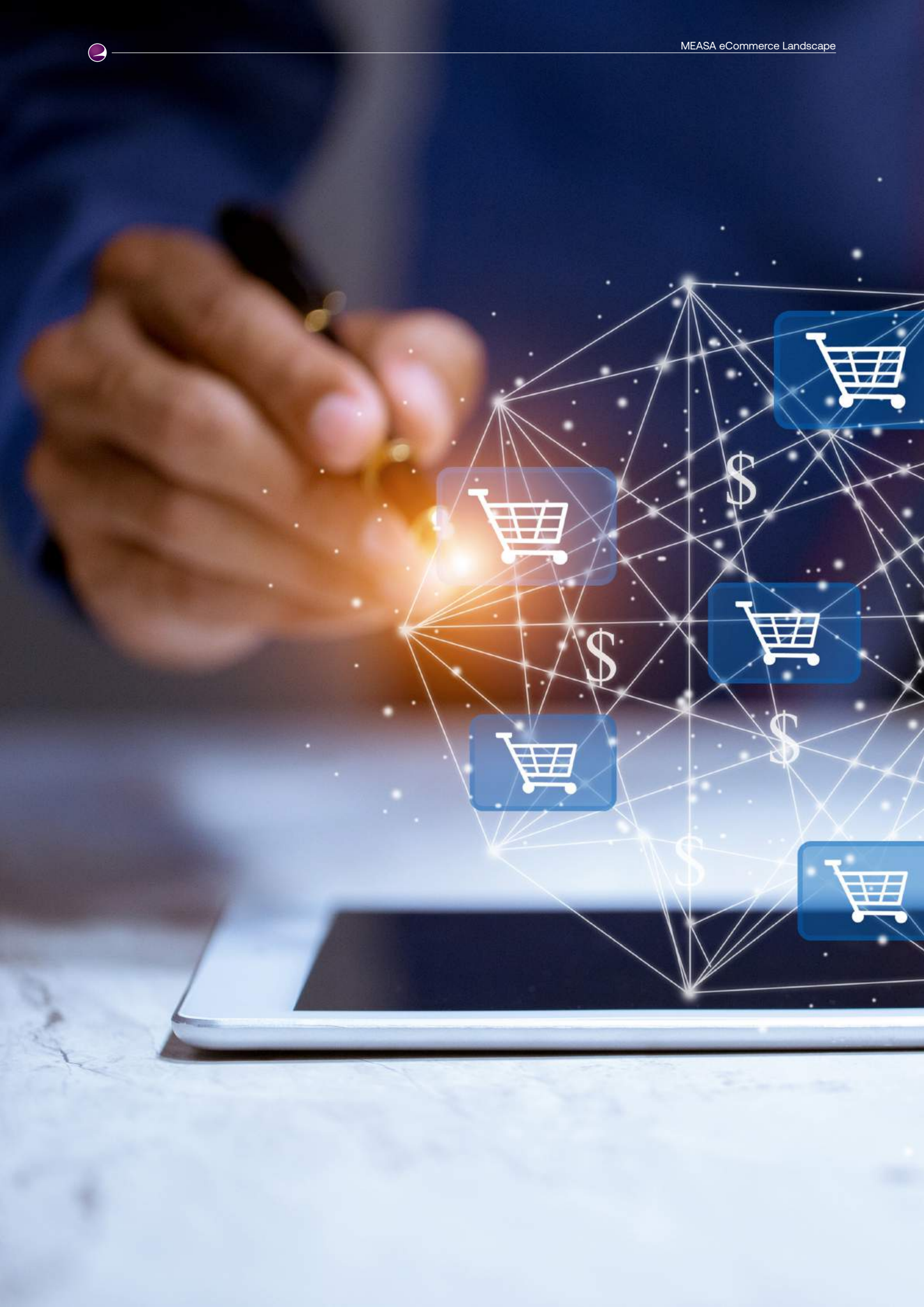
- 100% Foreign company ownership
- 100% Repatriation of capital and profits
- No currency restrictions



Ecommerce Ecosystem

The goal of Dubai CommerCity is to create the perfect eCommerce ecosystem in which businesses can thrive, investing further into their growth and progress. With industry experts at nearly every level, Dubai CommerCity is a one-stop-shop for all your eCommerce needs offering “eCommerce in a box” where you not only get space for office and warehouse to setup your business but also all the relevant support you need to take your online business off the ground. Dubai CommerCity offers an all-encompassing and unique eCommerce ecosystem for

businesses to run effectively and seamlessly including eCommerce strategy consulting, guidance on eCommerce regulations in the region, end-to-end logistics solutions inclusive of warehousing and last mile delivery, complete eCommerce platform solutions, digital marketing services, and other support services such as photo studios, call centers, among others. The following page provides a suite of services the Dubai CommerCity offers.



Comprehensive Turnkey Ecommerce Solution

Ecommerce Enablement

Ecommerce Technology Platform and Services

- Webstore Development and Maintenance
 - Online Trading and Merchandising support
- UX / UI, Branding and Creatives
- Payment Gateway

Ecommerce Strategy Consulting

- Developing your eCommerce strategy identifying the right eCommerce solution for your business
 - Optimization strategy
 - End-to-end user experience optimization
 - Ecommerce training programs

Business Setup and Customs Support

- Business setup options and solutions.
 - Legal advisory services.
 - Custom Consulting
 - Bank account opening support.
 - Interior design services



Warehousing and Last Mile Delivery

- Ecommerce shipping and fulfillment strategy
- Inventory management and warehousing
- Pick and pack and order fulfillment
- Returns management

Digital Marketing & Customer Analytics

- End-to-end marketing support
- Performance marketing
- SEO and content marketing strategy and implementation.
- Localize content for digital platforms and KOL strategy for your industry.
- Social media marketing and management.
- Social Commerce Strategy enablement.
- Customer analytics

Ecommerce Business Support Services

- Call Centers and Customer Support
- Translation services.
- Photo studio
- Event Organizing / Management Services
- Recruitment Support.

Acknowledgments





Produced by:

Dubai CommerCity

DUBAI
COMMERCITY

Dubai CommerCity is the first and leading free zone dedicated exclusively to eCommerce in the Middle East and North Africa (MENA) region. With an area covering 2.1 million square feet and an investment of around \$1 billion, Dubai CommerCity is uniquely designed to cater to regional and international eCommerce businesses providing a unique eCommerce ecosystem that stimulates creativity and progressive development with the aim of attracting more foreign direct investments to Dubai.

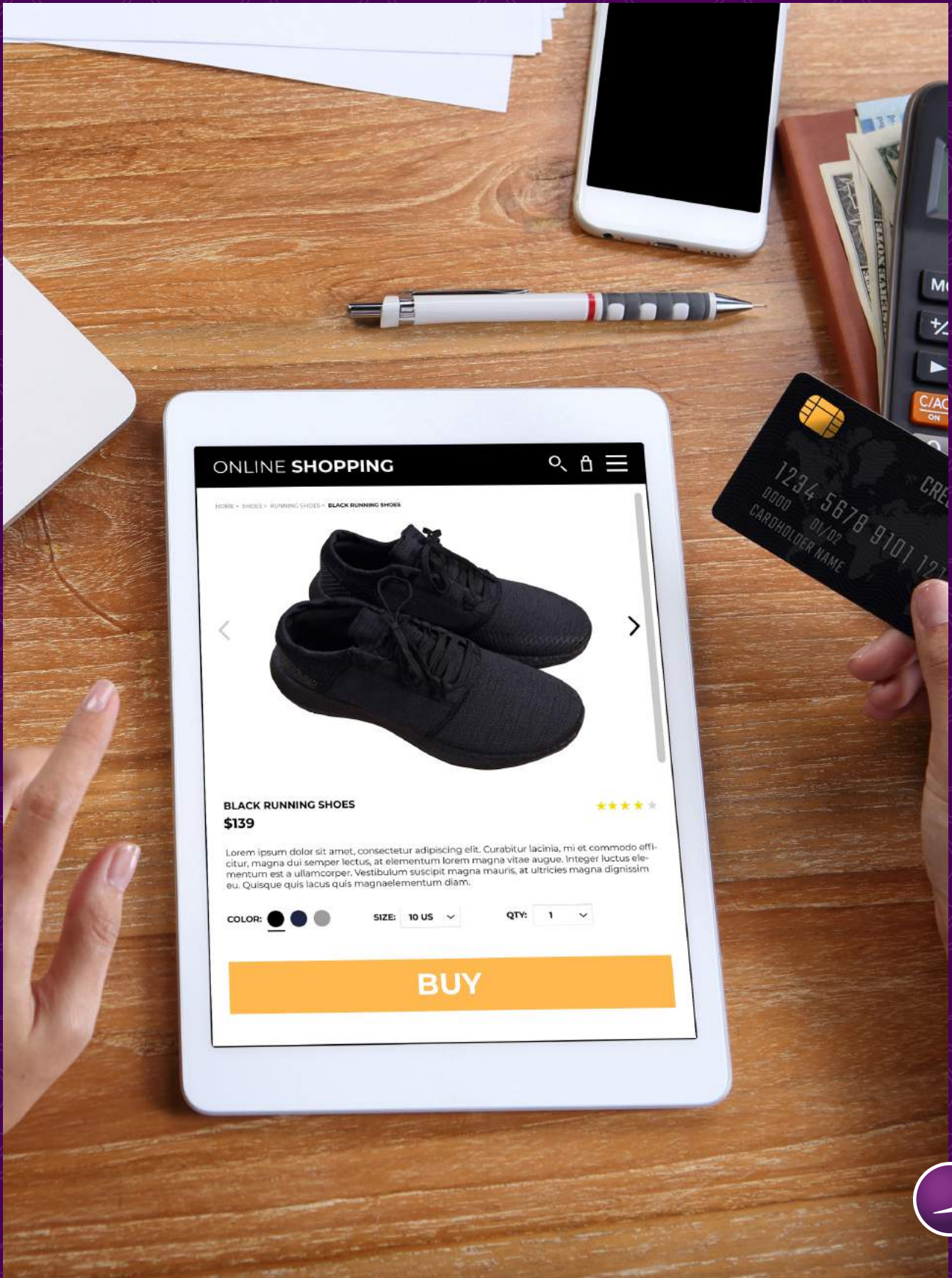
Knowledge Partner:

DinarStandard

DinarStandard

DinarStandard™ is a growth strategy and execution management firm, empowering organizations for profitable and responsible global impact. DinarStandard specializes in innovation, investments, and marketing strategies. Since 2008, DinarStandard has been a global thought leader on future innovation foresight and strategies, the Islamic economies, and social entrepreneurship. Its market insights are recognized regularly in global media (such as CNN, BBC, Economist). DinarStandard has supported over 30 government entities, investment institutions, industry leaders, and multi-laterals from over 12 countries representing the most dynamic global corporates and innovative government entities. Its unique value-proposition is rooted in delivering original facts and foresight-driven client impact grounded in excellence and ethics.

Appendix





1. Global and MEASA eCommerce

	ECOMMERCE SALES 2019	CAGR GROWTH% THROUGH 2022	ECOMMERCE SALES 2022	ECOMMERCE AS % OF RETAIL SALES - 2019	ONLINE SPEND/ ONLINE SHOPPER	# OF INTERNET SHOPPERS	% OF INTERNET USERS WHO SHOP ONLINE -2019
	US\$ billion		US\$ billion		US\$ billion	Million	
MEASA	\$89.4	18.4%	\$148.5	2.8%	\$477	\$166	12%
WORLD	\$3,599	16.6%	\$5,702	14.1%	\$1,875	\$1,920	43%
MIDDLE EAST GCC	\$12.9	32.9%	\$30.3	3.3%	\$677	\$19	35%
Bahrain	\$0.4	27.2%	\$0.9	4.5%	\$1,164	\$0	22%
Kuwait	\$1.3	13.4%	\$1.9	3.0%	\$1,299	\$1	23%
Oman	\$0.4	24.3%	\$0.8	2.2%	\$407	\$1	27%
Qatar	\$1.9	16.3%	\$3.0	8.5%	\$1,613	\$1	41%
Saudi Arabia	\$4.8	39.3%	\$13.0	2.2%	\$486	\$10	31%
United Arab Emirates	\$4.0	38.3%	\$10.7	5.5%	\$724	\$6	59%
MIDDLE EAST LEVANT	\$0.9	10.5%	\$1.2	0.7%	\$138	\$7	14%
Jordan	\$0.4	17.7%	\$0.7	2.3%	\$592	\$1	9%
Lebanon	\$0.5	2.0%	\$0.5	1.9%	\$1,035	\$0	8%
Iraq		10.4%		0.0%	\$1	\$5	23%
Palestinian Territory					\$0	\$0	8%
Syrian Arab Republic						\$0	3%
NORTH AFRICA	\$5.4	23.7%	\$10.1	1.7%	\$530	\$10	9%
Algeria	\$0.1	2.3%	\$0.1	0.1%	\$41	\$2	6%
Egypt, Arab Rep.	\$3.4	27.6%	\$7.0	1.7%	\$2,715	\$1	3%
Libya				0.0%		\$1	25%
Morocco	\$1.9	17.1%	\$3.0	4.4%	\$350	\$5	23%
Tunisia	\$0.1	11.7%	\$0.1	0.3%	\$85	\$1	8%

	ECOMMERCE SALES 2019	CAGR GROWTH% THROUGH 2022	ECOMMERCE SALES 2022	ECOMMERCE AS % OF RETAIL SALES - 2019	ONLINE SPEND/ ONLINE SHOPPER	# OF INTERNET SHOPPERS	% OF INTERNET USERS WHO SHOP ONLINE -2019
	US\$ billion		US\$ billion		US\$ billion	Million	
MIDDLE EAST OTHER	\$10.7	15.8%	\$16.6	2.4%	\$224	\$48	33%
Iran, Islamic Rep.	\$3.5	5.7%	\$4.1	2.3%	\$136	\$26	38%
Turkey	\$7.2	20.1%	\$12.5	2.5%	\$331	\$22	31%
Yemen				0.1%	\$9	\$0	3%
SOUTH ASIA	\$48.2	12.7%	\$69.0	3.4%	\$895	\$54	7%
Afghanistan	\$0.0	41.1%	\$0.0	0.1%	\$33	\$0	3%
Bangladesh	\$1.5	13.5%	\$2.3	1.0%	\$607	\$3	3%
India	\$45.7	11.9%	\$64.1	4.2%	\$954	\$48	9%
Pakistan	\$0.8	40.5%	\$2.3	0.6%	\$353	\$2	3%
Sri Lanka	\$0.1	33.0%	\$0.3	0.4%	\$140	\$1	11%
SUB-SAHARAN AFRICA	\$11.4	23.2%	\$21.3	2.4%	\$397	\$29	12%
Kenya	\$0.4	36.6%	\$1.1	1.0%	\$68	\$6	13%
Nigeria	\$7.7	25.7%	\$15.3	2.7%	\$617	\$11	9%
South Africa	\$3.0	15.1%	\$4.6	2.5%	\$617	\$5	15%
Uganda	\$0.1	10.9%	\$0.2	1.2%	\$82	\$2	9%
Tanzania	\$0.2	13.3%	\$0.2	0.6%	\$30	\$5	21%



2. Methodology



Market Sizing

The report presents an original analysis of MEASA eCommerce spending data as well as its projections. The market sizing and projections are derived leveraging baseline data from World Bank International Comparison Program (ICP), UNCTAD, ITU (International Telecommunication Union (ITU), IMF projections and other key sources synthesized and analyzed by DinarStandard as follows:

Retail market sizing: Baselined using World Bank's 2017 ICP Data. Only expenditure on B2C products (excluding services and travel) that covered following categories:

- Food and nonalcoholic beverages
- Alcoholic beverages, tobacco, and narcotics
- Clothing and footwear
- Furnishings, household equipment and maintenance

- Communication
- Restaurants and hotels
- Net purchases abroad
- Miscellaneous goods and services

Retail market projections were derived through 2022 using World Bank Household and Non-profit institutions serving households (NPISH) consumption annual percentage growth through 2022 per country. For countries where the Household and NPISH data was not available, the GDP growth rate was used.

eCommerce market sizing: Core global and MEASA eCommerce sizing was done by applying eCommerce sales to total retail sales ratio per country on the previously determined retail market sizing number. The eCommerce to total retail sales ratio per country was determined

using multiple sources of surveys. These sources include reports by Bain, AT Kearney, PPro, Payfort, Visa and other publications. The 2019 ratios were taken as a baseline. Ratios for 2020-2022 were forecasted by correlating GDP and the eCommerce to retail sales ratio from 2017-2019. The ratios for 2020-2022 were further adjusted to account for the impact of COVID-19 using the latest IMF GDP growth projections (released in October 2020).

eCommerce spending per shopper: Baseline data from UNCTAD's B2C eCommerce Index 2019 on number of internet shoppers as a percentage of total population was leveraged. Number of internet shoppers per country was derived and divided by the estimated eCommerce sales value to get eCommerce spending per shopper in 2019.



Top 100 MEASA eCommerce ranking

The report also presents an original ranking of top 100 MEASA eCommerce companies. Following are the detailed criteria taken into account and the ranking methodology applied:

CRITERIA:

- B2C and C2C companies were taken
- eCommerce companies that are operating in the MEASA region, but may have their headquarter in any other country, are considered
- eCommerce companies listed are not only digital native, but may also have an offline retailer with an online presence

- Selected companies must be facilitating movement of a physical end user product between buyers and seller via eCommerce methods
- Only parent companies are included (e.g Amazon) unless operating with distinct brand name in select markets.

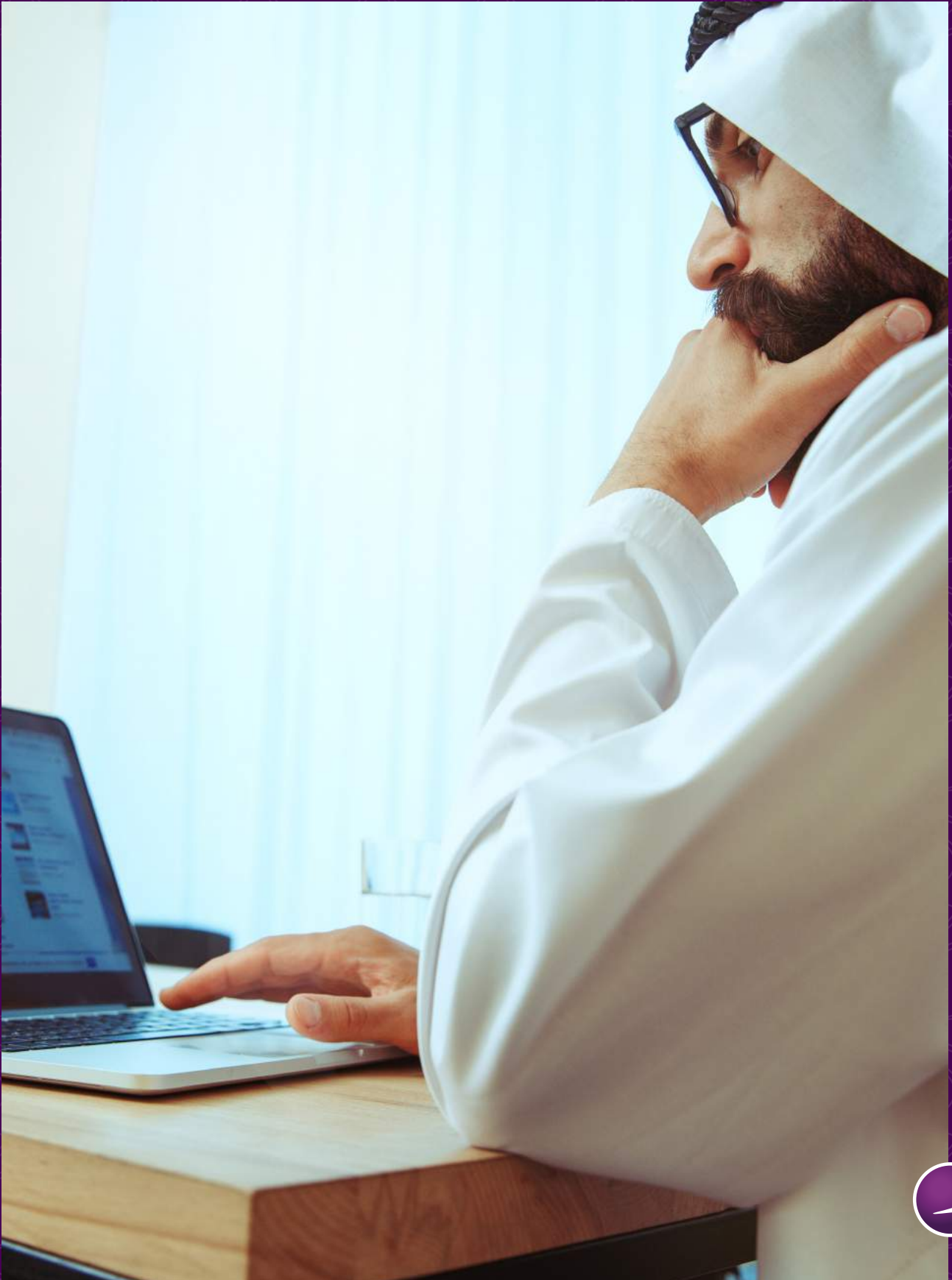
Categories excluded:

- Bank, payment gateways, mobile phone operators
- Job search or freelancing sites
- Lottery, bet, movie, game sites
- Classified advertisement listing sites
- Software product sellers or online editing services

RANKING:

- Monthly unique visitor figures are taken from Similarweb (May 2020)
- Visits per MEASA country for a target website are collected from both Similarweb as well as Alexa Website Traffic Stats
- If the website traffic for a country is below 0.5% or is missing on Similarweb/Alexa, an estimated 0.001% figure is added to adjust for the missing data.
- Monthly unique visits per website is calculated by totaling the site's visits in each MEASA country.

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