



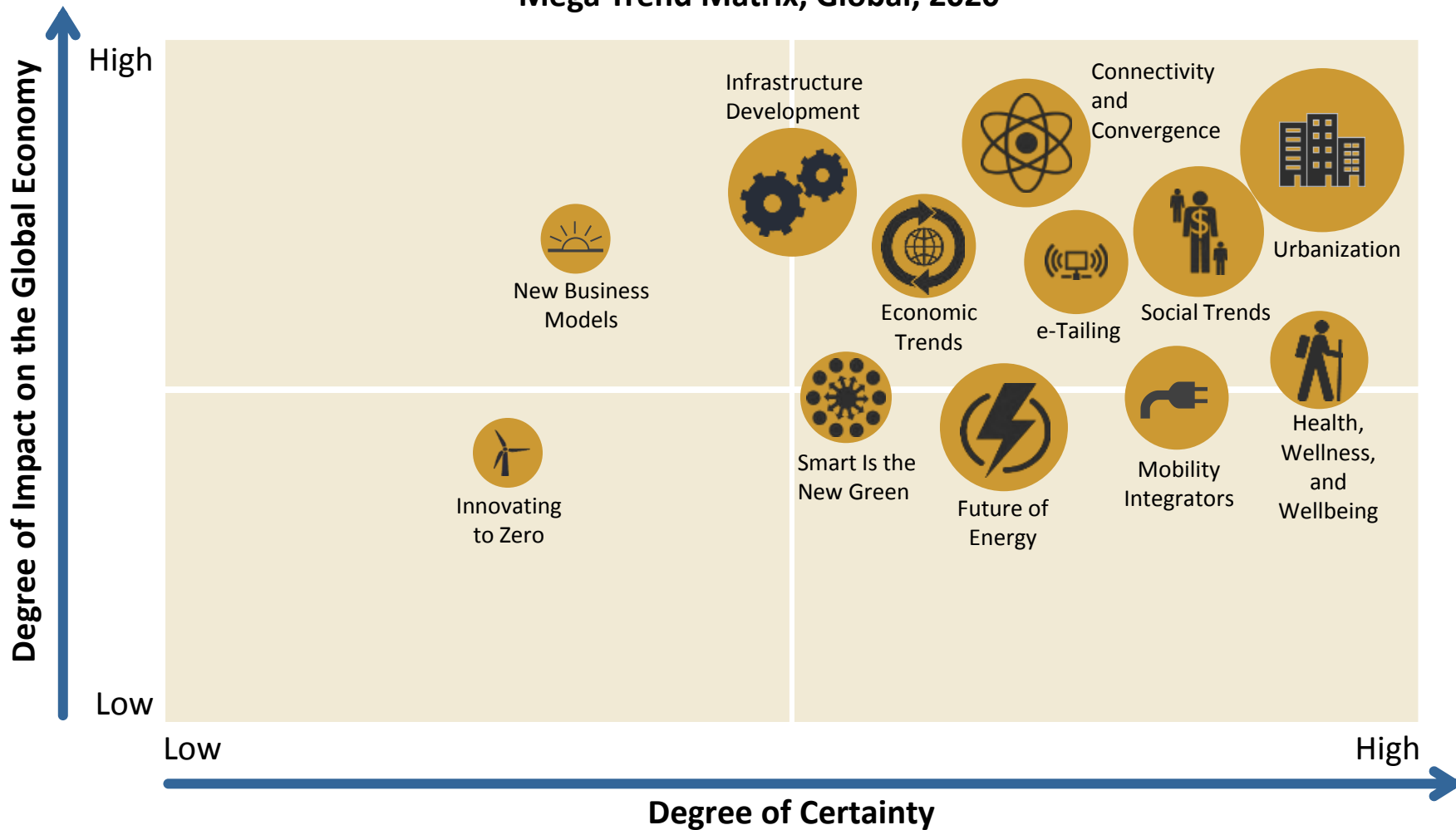
# Online Retailing: The Next Digital Revolution

Prepared by: Frost & Sullivan, MENASA

July 2017

# Mega Trends are Driving Businesses Around the World to Adapt and Innovate. E-tailing is the one of the trends affecting businesses globally and in Middle East

Mega Trend Matrix, Global, 2020



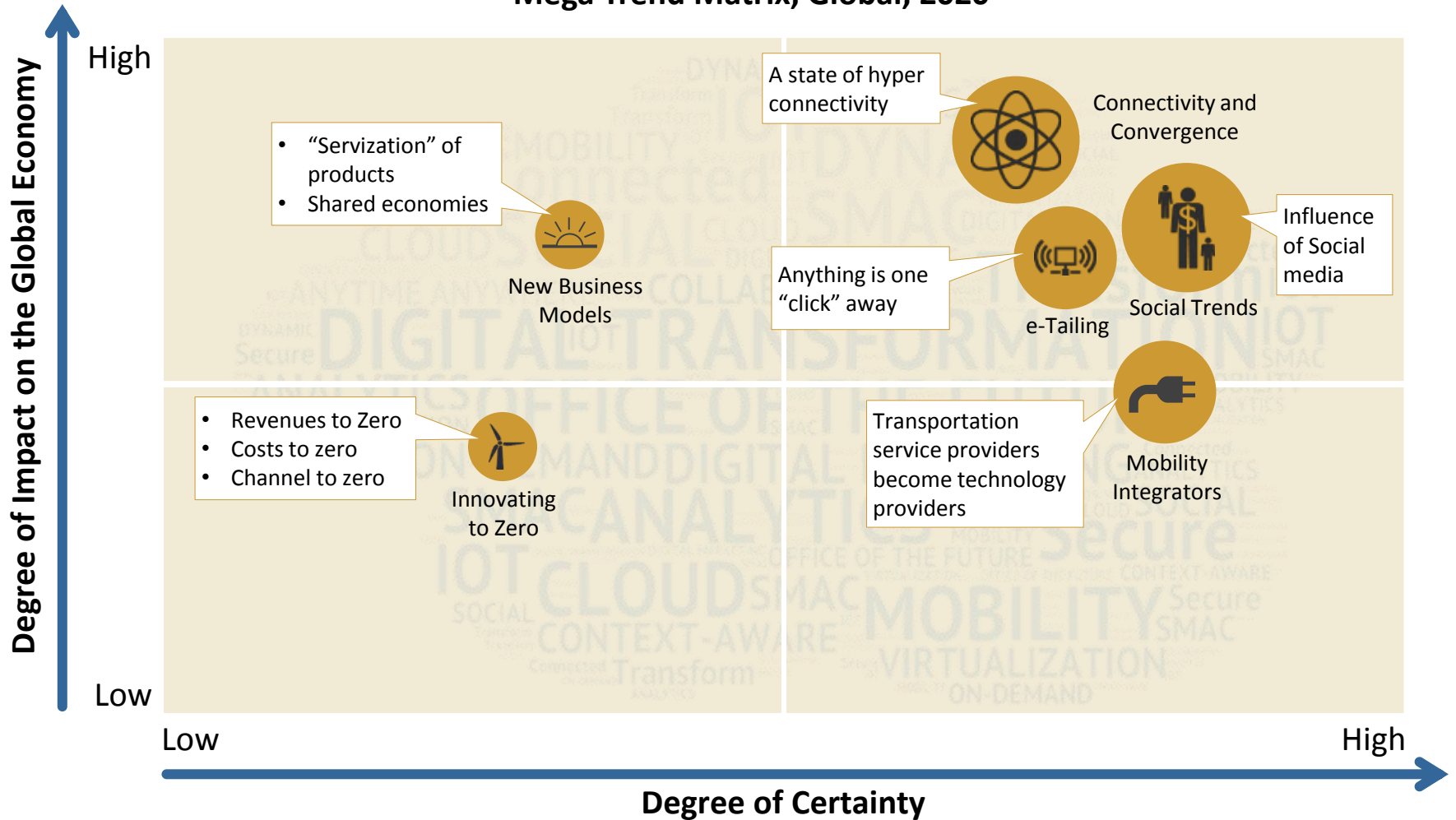
Note: The size of the bubble represents the scale of opportunity within each Mega Trend.

These Mega Trends have been plotted based on quantitative and qualitative reasoning

Source: Frost & Sullivan

# Online Platforms will Play a Critical Role in Integrating Multiple Verticals, Services, and Opportunities and Presenting them to the End User

Mega Trend Matrix, Global, 2020



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Source: Frost & Sullivan

# Innovation is a Key Trend that is Driving the e-Commerce Business; with the Convergence across Different Levels, it is Driving the Need for the Big E

## Convergence of **Devices**



## Convergence to **IP Network**



## Convergence to **Digital Content**



Source: Frost & Sullivan

## Keeping Mega Trends in Mind, the Global Market for e-Commerce is Pointing on the emerging opportunity in the GCC counties

### Top 10 Developing Economies in the UNCTAD B2C E-commerce Index, 2016

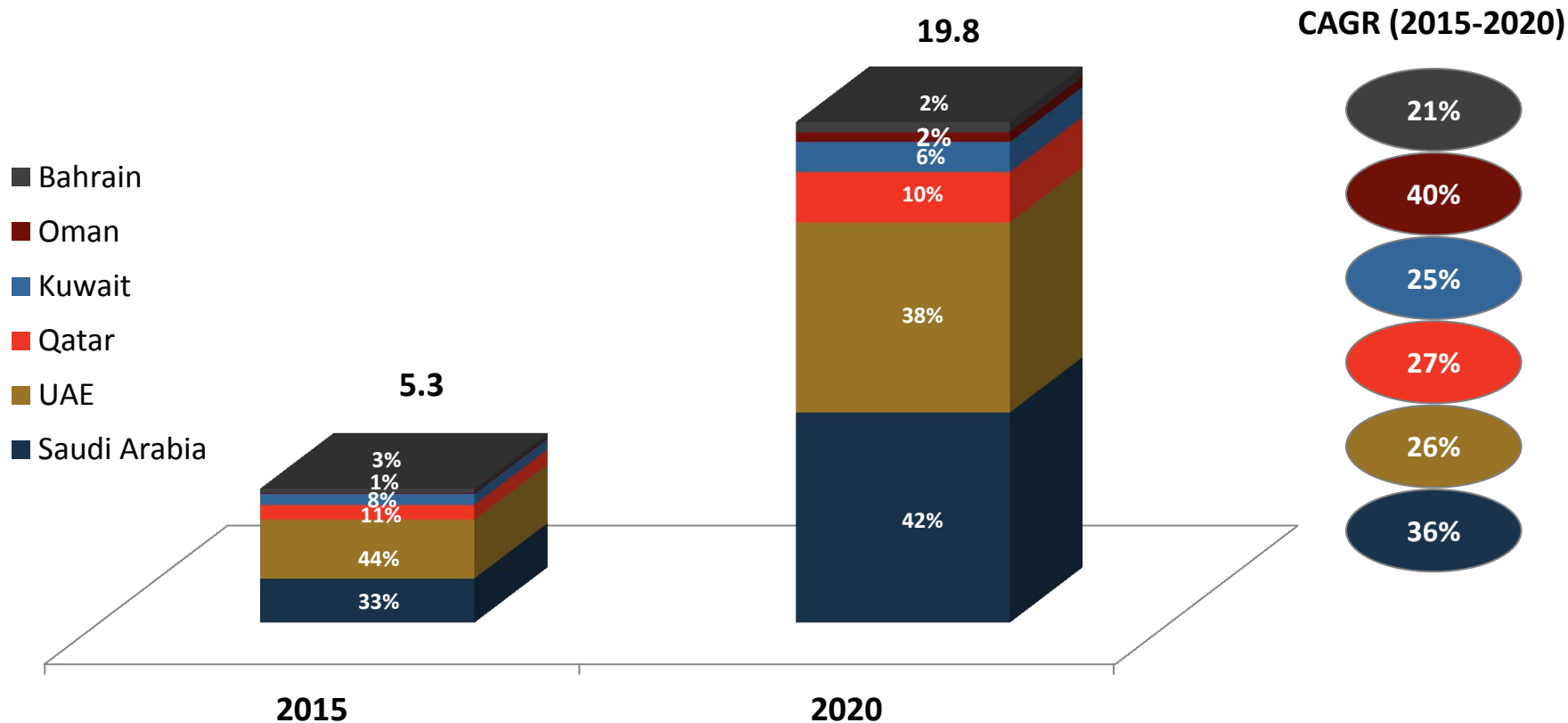
Economy	Share of Individual using Internet	Share of individual using credit card	Secure internet servers per 1 million people	UNCTAD B2C E-commerce Index value	2014 Rank	2016 Rank
South Korea	84	56	97	84.3	8	7
Hong Kong	75	64	88	81.1	18	14
Singapore	82	35	88	75.8	26	23
UAE	90	37	80	73.4	66	25
Qatar	91	32	78	72.4	73	26
Bahrain	91	28	75	66.5	34	32
Uruguay	61	40	70	61.9	40	39
Kuwait	79	28	73	61.9	NA	40
Chile	72	12	64	60.3	39	43
Malaysia	68	20	69	60.1	45	44

***High usage of Internet coupled with infrastructure development of secured servers will drive the e-commerce market in GCC region. It is evident from the change in the ranking from 2014 to 2016 on how the GCC countries are becoming attractive markets***

Source: UNCTAD, Frost & Sullivan

# The GCC e-Commerce Market is at a Relatively Nascent Stage; Saudi Arabia and UAE are the Largest Market and have the Highest Potential in the Region

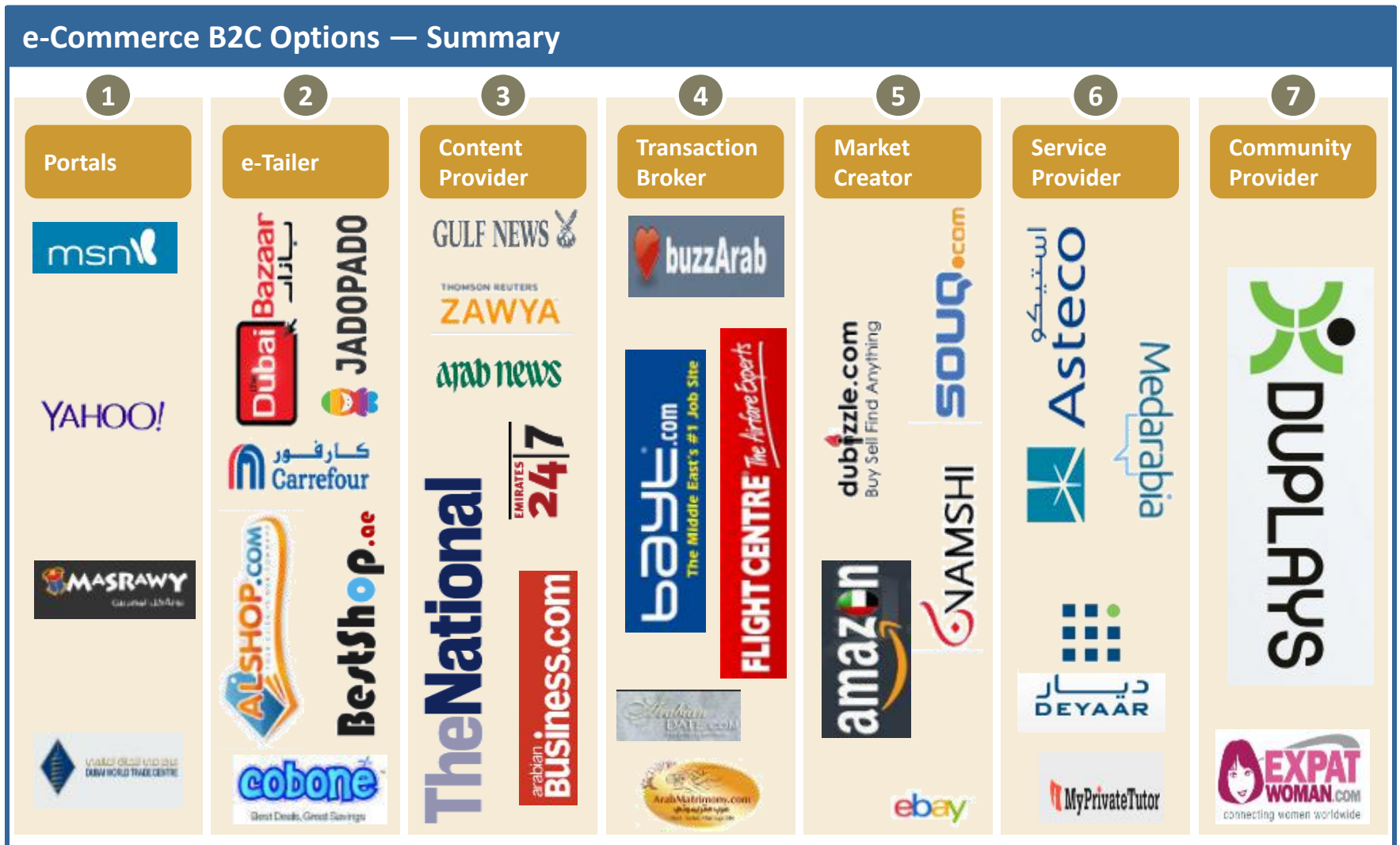
GCC E-commerce Market by Countries, 2015 and 2020 (USD Billion)



**Online retail is increasing in popularity among consumers and retailers in GCC region. Retailers also find this medium attractive as it reduces overheads and enables them to offer competitive pricing.**

Source: A. T. Kearney, Frost & Sullivan

# The GCC as a Market has Evolved across Specific Areas such as Portals, e-Tailer, Content Providers, and Market creators Identified as the Most Popular



Source: Frost & Sullivan, company websites

# The Evolving Consumer Preferences define the readiness of the GCC countries to embrace the format of Online Retailing

74%



GCC

93%



Global

*Increasing trend of online purchase with 74% of GCC versus 93% global consumers now shop online. Infact, 72% of ME consumers made their first online purchase within the past two years.*

*Influence of social media is increasing such that 62% of global versus 75% of GCC consumers believe that their interactions with brands on social media result in them purchasing more from their favourite brands.*

75%



GCC

62%



Global

37%



GCC

50%



Global

*Immediate delivery and the ability to touch, see and try are the main reasons for customers remaining loyal to shopping in-store. About 37% of GCC consumers prefer immediate delivery for all their purchases made in-store compared to 50% globally.*

Source: PWC, Frost & Sullivan

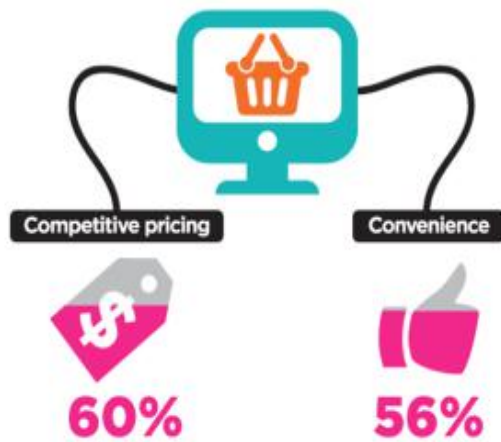


# GCC consumers are increasingly preferring to purchase online; following are the top categories: accessories, electronics, phones, apparel and perfumes

Consumers are opting for online shopping in the last few years. Key motivating factors for users shopping online include competitive pricing and convenience.

Smartphone adoption is a big driver leading to growth in online retailing. More than 60% of UAE smartphone owners purchased something in past one year.

Almost 42% of the Middle East consumers agree that the ability to check other stores or online stocks would improve their shopping experience.



Source: PWC, KPMG, Frost & Sullivan

## There are number of electronic retailers and marketplaces who are making extensive investments and expanding presence in the online retail space

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**Amazon** recently acquired **Souq** which is described as the region's biggest e-commerce player to expand its presence in the region.

**Jumbo Electronics** invested \$1 million in its e-tail business in 2014 as it sees immense growth through that channel

**Axiom Telecom** is focusing on online retailing and keeps investing in renewing Website in order to better serve customers and provide up-to-date intelligence on leading devices and products.

Google search accounts for over 40% of traffic to **eXtra.com** and the insight from Google helps them in developing their online and offline plans. More than 50% of its sales now come from mobile devices and 10% of orders use click-and-collect.

**Emirates NBD**, a leading bank in the UAE launched **SkyShopper**, an exclusive online marketplace for its customers. It will enable Emirates NBD credit and debit card customers to shop and pay for purchases ranging from flights, hotels, electronics, fashion items as well as international shopping.

Source: Frost & Sullivan

# Retail strategies are evolving in Middle East; Frost & Sullivan can help you in what does an Organization need to Discern to Take the Leap

**B2C or B2B the data is there, now the question remains as to whether it has been mined**

Consumer / customer profile: demographics, psychographics, heavy / Medium / light purchasers' profile



Trigger and barriers of online purchase / purchasing through e-Commerce websites



Attractiveness of shopping format(s)



Top product categories for e-Commerce



Purchase habits and patterns



Spending patterns



Perceived value of purchase format (e-Commerce)



Attitudes toward the category and toward key brands of e-Commerce



Decision-making process and factors involved in online purchase decisions



Need gaps, which can be exploited by a new entrant



Cultural trends and habits



Loyalty program and point redemption systems

