



Middle East 2022

Ecommerce Region Report

In partnership with



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Introduction



The Middle East is the birthplace of several major religions, an important meeting and trading point where Europe and Africa meet Asia.

Countries range from oil producing members of OPEC to recently war-torn Syria. The majority of the countries in the Middle East form part of the Arab world.

It is against this backdrop that the RetailX research team has analysed the Middle East as a whole, as well as looking in depth at a number of countries individually, to highlight the similarities and differences in retail and ecommerce across the region.

Populations in these countries range from more than 85m (in Turkey and Iran) to 3m in Qatar. Population gives just one small measure to differentiate the extent of retail and ecommerce markets. The number of internet users, the level to which they shop online, their social media usage and whether they prefer to shop on smartphone or desktop device all flesh out how consumers behave.

Across the six countries profiled in this report – Iran, Israel, Qatar, Saudi Arabia, Turkey, the United Arab Emirates – internet access is above the global average. 87% of the

population regularly used the internet in 2020, with half of them shopping online. In 2022, this figure has risen to 55% and retailers' revenue from ecommerce is rising at a rate higher than the global average.

Putting the Middle East online markets in context with those that have been developing for more years, the six countries analysed here together make up a market size less than 40% of the UK ecommerce market alone. What they do offer is growth but the nuances of each country have to be taken into account before any move is made.

Each country has different barriers to entry – as outlined in the Indices section of the report. Under some measures, countries in the Middle East are likened to mature Western markets. Others highlight the need for government or industry regulations to open up a competitive digital landscape.

I'm always interested in readers' views and experiences of retailing and ecommerce in different countries and regions around the world. If you'd like to share your retail story in the Middle East, or other area, for future reports, please get in touch.

Ian Jindal, CEO, RetailX

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Middle East

A region of contrasts ranging from religious and political flashpoints to deep cooperation with a digital future

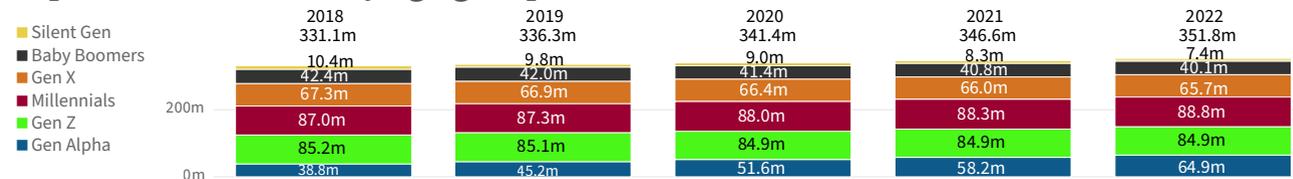
The Middle East is a region of diverse languages, cultures and religions. The first impressions are of a **rich region in which GDP per capita is above the global average.** However, looking further into the individual countries, conditions are not the same for everyone.

The Gulf States of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates work together **fostering economic and political ties under the flag of the Gulf Cooperation Council.**

Iran and Turkey are the most populous countries in the Middle East but are very different in character. While sanctions and government control restrict internet usage in Iran, Turkey's government and industries are looking overseas to expand trade.

Some charts in this report show the current situation across the region as a whole, while others highlight the six countries chosen for in depth analysis. Iran, Israel, Qatar, Saudi Arabia, Turkey and the United Arab Emirates have been selected as they represent the region's similarities and its contrasts.

Population structure by age group

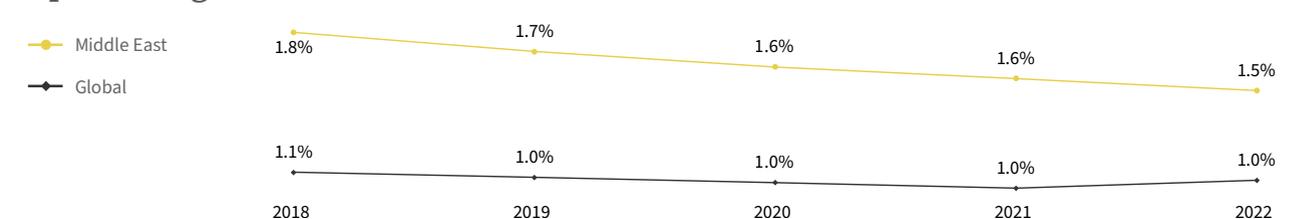


Age groups (year of birth): Silent Gen (1928–1947), Baby Boomers (1948–1967), Gen X (1968–1982), Millennials (1983–1997), Gen Z (1998–2012), Gen Alpha (2013–present)

Source: RetailX, drawing on data from UN

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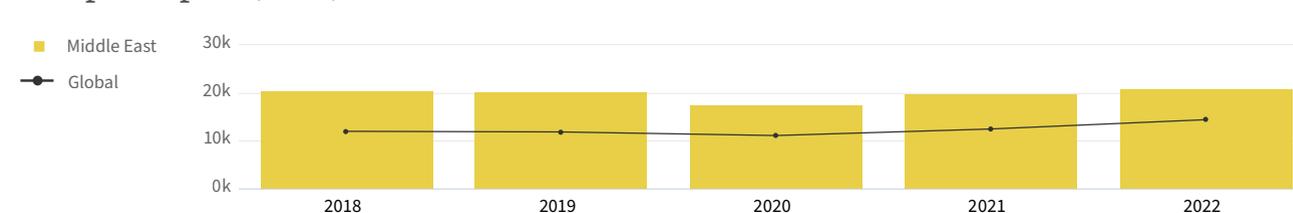
Population growth



Source: RetailX, drawing on data from UN

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GDP per capita (USD)



Source: RetailX, drawing on data from IMF

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Market context

A region of growth online with smaller countries offering different market entry requirements than the largest

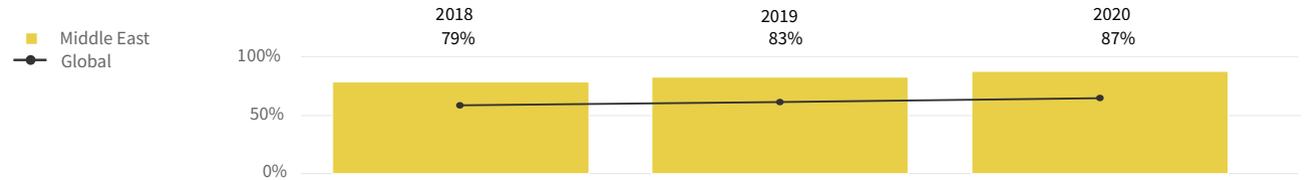
The Middle East offers a wealth of opportunities online for retailers. **Ecommerce is growing across the region and the number of people shopping online is increasing** as well. While the situation is not the same in all countries, in some populations everyone has access to the internet, while in others access and content are restricted.

Across the six countries profiled in this report – Iran, Israel, Qatar, Saudi Arabia, Turkey, the United Arab Emirates – internet access is above the global average with **87% of the population online in 2020**. At this point, 50% of internet users shopped online. This has jumped to 55% in 2022 and is expected to continue its growth trajectory. As such, **retailers’ revenue from ecommerce has been rising at a rate higher than the global average**.

The most valuable market, at \$26.11bn, is Turkey.

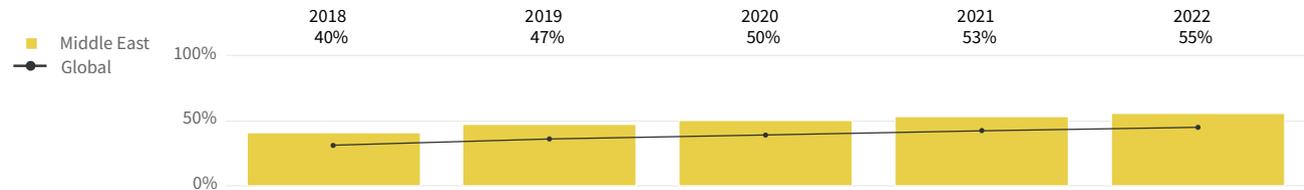
It is worth \$10bn more than the second largest market of the six countries, Iran, which reached \$16.06bn in 2022. The two countries have a similar number of consumers shopping online, and have the largest populations in the Middle East, but are very different in nature when it comes

Percentage of internet users



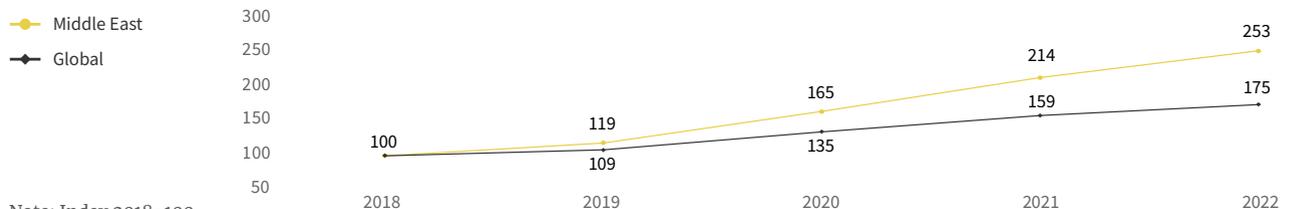
Note: The Middle East figures are an aggregate of the six countries profiled in this report
Source: RetailX, drawing on data from the World Bank. World Bank data for 2021 not available. RetailX creates forecast values by extrapolating the previous five years’ growth. © RetailX 2022

Percentage of internet users who shop online



Note: The Middle East figures are an aggregate of the six countries profiled in this report
Source: RetailX, drawing on data from Statista © RetailX 2022

Ecommerce revenue Index



Note: Index 2018=100
Source: RetailX, drawing on data from Statista © RetailX 2022

to government regulations around internet access and ecommerce, as well as market maturity.

Ecommerce in both Turkey and Iran is dominated by domestic marketplaces. Digikala is the leading ecommerce player in Iran, while Hepsiburada has a large market share in Turkey.

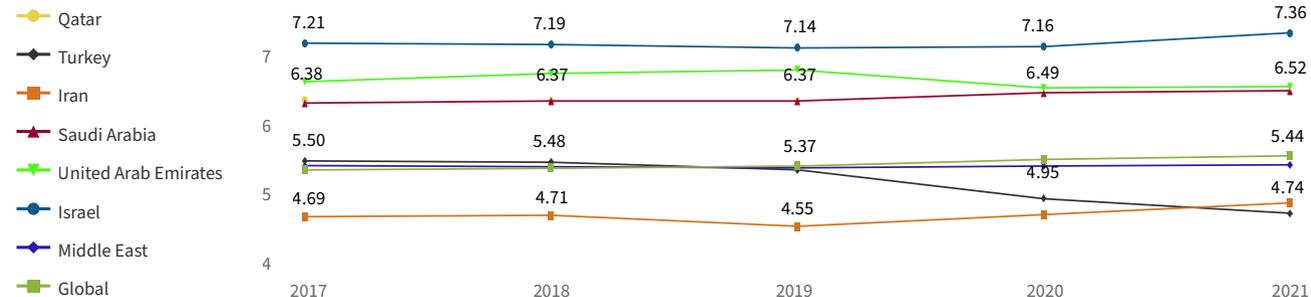
However, Iran is the outlier of the group of six countries analysed in depth in this report, ranking very low in the ease of doing business index and lower than the rest in the e-government development index, as well as ranking lowest in the group for internet inclusivity. Iran is a very closed market; 94% of traffic goes to Iranian websites.

Despite sanctions, Iran shows the highest CAGR increase in online commerce revenue in the last four years, although growth will have been hampered by recent internet and social media restrictions.

The most valuable customers online in the Middle East are consumers in Qatar and Israel. The countries have smaller overall ecommerce markets but this is mainly due to their smaller population sizes. Consumers in Qatar and Israel spend more online on average than consumers in any of the other Middle Eastern countries analysed in this report. Consumers in Qatar spend almost twice as much on food online than they spend with fashion sites. They also spend a significant amount on fashion and furniture, as well as consumer electronics.

Happiness Index

Middle East, 2017-21



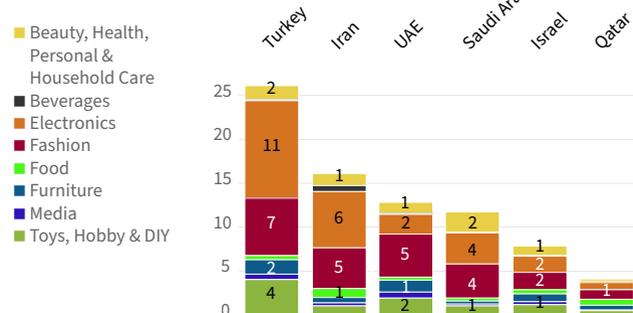
Survey respondents evaluate the quality of their current lives on a scale of 0 (unhappy) to 10 (happy)

Source: The World Happiness Report

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Annual revenue for the ecommerce market (bn USD)

Middle East, 2022

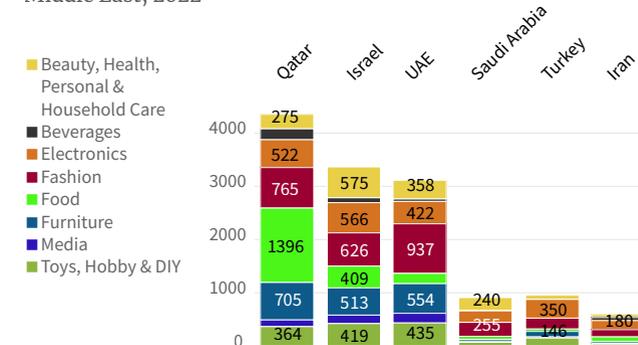


Source: Statista

© RetailX 2022

Average e-shopper spend (USD)

Middle East, 2022



Source: Statista

© RetailX 2022

Market overview: International indices

The level of development of different economies is shown in several international indices

- **Ease of Doing Business:** “The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.”^[1]
- **E-Government Development Index:** “The index incorporates the access characteristics to reflect how a country is using information technologies to promote access and inclusion of its people.”^[2]
- **2IPD:** “The Integrated Index for Postal Development (2IPD) provides an overview of postal development around the globe.”^[3]
- **Internet Inclusive Index:** “The Index seeks to measure the extent to which the Internet is not only accessible and affordable, but allows usage that enables positive social and economic outcomes at the individual and group level.”^[4]

	EASE OF DOING BUSINESS INDEX OUT OF 190	E-GOVERNMENT DEVELOPMENT INDEX OUT OF 193	INTEGRATED INDEX FOR POSTAL DEVELOPMENT (2IPD) OUT OF 170	AVAILABILITY OUT OF 100	AFFORDABILITY OUT OF 100	RELEVANCE OUT OF 100	READINESS OUT OF 100	OVERALL INTERNET INCLUSIVE INDEX OUT OF 100	HAPPINESS INDEX (0-UNHAPPY, 10-HAPPY)	CAGR (2018-2022 %)
MIDDLE EAST										
IRAN	127	89	54	47	66	21	7	45	4.89	40.5
ISRAEL	35	30	32	N/A	N/A	N/A	N/A	N/A	7.36	28.2
QATAR	77	66	59	21	47	29	14	27	6.37	16.2
SAUDI ARABIA	62	43	55	31	77	8	40	39	6.52	19.9
TURKEY	33	53	41	46	46	26	16	43	4.74	22.5
UAE	16	21	65	5	60	20	59	26	6.58	29.7

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

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- **Happiness Index:** “The World Happiness Report uses global survey data to report how people evaluate their own lives in more than 150 countries worldwide.”^[5]

As you might expect, **the performance of Middle Eastern countries in the indices reflects a regional picture of countries at different stages of development.** Overall, Israel performs most strongly, ranking in the top quartile of most measures. Although it’s not included in the Internet Inclusive Index, it can be surmised it would rank well against other countries in the Middle East due to its highly developed digital and real-world infrastructures.

With other nations, the picture is more varied. Of the 12 countries in the Middle East included in the Index, the UAE ranks first, one place ahead of Qatar. UAE ranks 26th globally. It ranks 5th globally for Availability highlighting

the level of internet quality and usage. However, it scores lower than the global average in Competitive environment within the Affordability category and Policy in the Readiness pillar.

Saudi Arabia has improved its ranking in the Internet Inclusive Index rising from 56th to 39th in the 2022 Index. Its weakest score is for Affordability. This category examines the cost of internet access relative to income and the level of competition. The Internet Inclusive Index ranks Saudi Arabia 55th for price and 89th for competitive environment, putting it in the fourth quartile overall.

[1] www.doingbusiness.org/en/doingbusiness

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

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

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

[5] <https://worldhappiness.report/ed/2022>



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Expert insight

Lindsay McEwan



Tealium's RVP and GM EMEA Lindsay McEwan explains the importance of understanding the customer at an individual level in a region as diverse as the Middle East

The Middle East is an exciting retail arena. Expansive shopping malls, some of the fastest growing online markets in the world, rising mobile commerce, extensive social media usage... and that's before looking at the cultural, religious, political and linguistic heritages underlying government and consumer behaviour.

Saudi Arabia's Vision 2030 offers a transformative economic and social reform blueprint that is opening the country up to the world, while Qatar's National Vision 2030 aims to direct Qatar towards a balance between developmental needs and the protection of its natural environment. The wealth of these nations are driving their visions forward with innovative projects such as Neom and The Line showcasing how technology and sustainability come together to help people live better lives in the future.

Like any region, there are underlying currents that need to be factored in by anyone conducting business in any of the countries of the Middle East.

Being an important crossroads between Asia, Africa and Europe equates to differences in ways of conducting business. Retailers in the region act under the cultural boundaries of the region's past and ties to historical partners as well as looking towards a more digitally-led, sustainable future. Nuances, whatever their size, need to be understood and adhered to and what is true of consumers in one country doesn't necessarily equate to the similar group in another.

As this report shows, Turkey and Iran offer similar sized markets in terms of population but are very different when viewed by governance, ease of doing business and consumer behaviour. Israel and Qatar, both with smaller populations, have higher spending consumers but again are different markets in nature.

Just like any other customer base, consumers in the Middle East are individuals, each possessing their own unique shopping preferences, delivery requirements, preferred payment method etc. These, of course, are not the same for every shopping journey and an individual customer's requirement one day, or on one visit to a retailer's ecommerce site, will not be the same when they next return.

Hyper-personalisation is something that the major retail holding companies in the region are well aware of. Loyalty schemes operate across multiple brands operated by a single holding company giving insight into a customer's shopping behaviour online, in bricks-and-mortar stores and in varying product categories.

These holding companies gather insight into customers in the shopping malls they operate, from consumers purchasing from their own brands as well as the international brands for which they are franchise partners. High mobile uptake means that through efficient management and analysis of data and the right permissions from customers they could communicate with members in an intelligent and personalised way and make the most of opportunities to surprise and delight.



Tealium provides the industry standard platform for businesses aiming to unleash innovation with a real-time, universal data foundation. More than 850 companies trust Tealium to orchestrate their customer data. These include Domino's, Gap, IBM, Molekule, Epson America, Cambia Health, Orange, TUI, Rakuten, Sportsbet and Network 10.

www.tealium.com

Iran

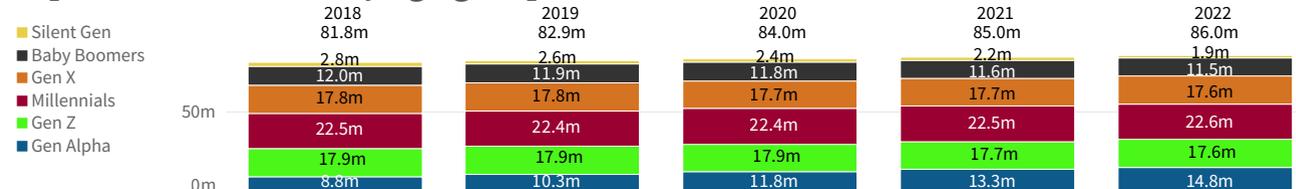
International politics restricts internet usage in a country with a large population and growing ecommerce market

Iran's population is growing steadily, increasing to 86m in 2022 from just below 82m in 2018. As such Gen Alpha, people born since 1983, have become an increasingly larger proportion of the country's population. In fact, **the majority of Iran's population is under 40** so has grown up in a country governed as a theocratic republic, a situation it has been in since the 1979 Islamic Revolution.

For all that, Iran has one of the largest populations in the Middle East, **GDP per capita is below that of the region as a whole**. GDP per capita has been rising in recent

Iran	
Area: 1745150 km ²	
Capital: Tehran	
Currency: Iranian Rial (IRR)	
Official language: Persian Farsi	
Other languages: None	
Government: Theocratic republic	
VAT: 8% Reduced VAT: 0%	

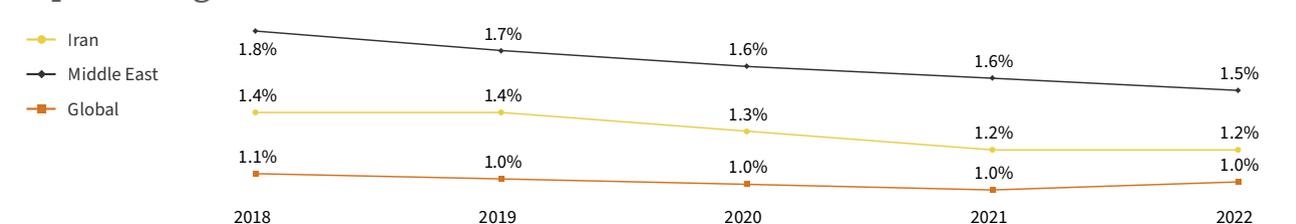
Population structure by age group



Note: Age groups (year of birth): Silent Gen (1928-1947), Baby Boomers (1948-1967), Gen X (1968-1982), Millennials (1983-1997), Gen Z (1998-2012), Gen Alpha (2013-present)
Source: RetailX, drawing on data from UN

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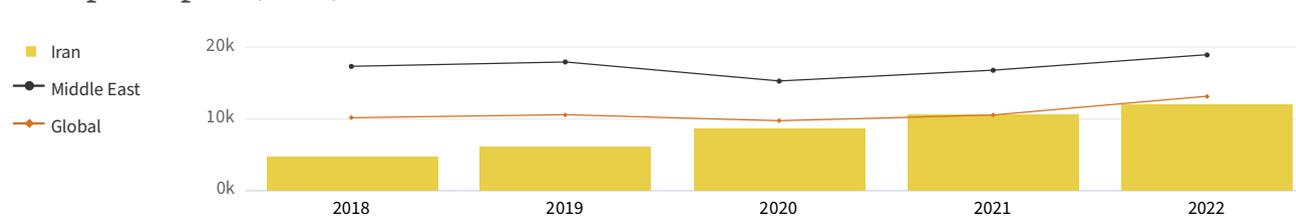
Population growth



Source: RetailX, drawing on data from UN

© RetailX 2022

GDP per capita (USD)



Source: RetailX, drawing on data from IMF

© RetailX 2022

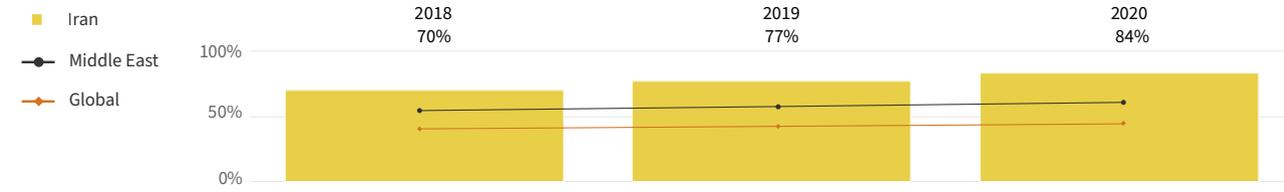
years and has increased from a position below the global average to the same if not close to it since 2021. In 2022, global GDP per capita stands at \$13,161. Iran's has reached \$12,072 in 2022.

Iran is an interesting market in terms of internet usage and ecommerce. **In comparison to the rest of the region, it has a larger proportion of the population using the internet but this has not translated through to shopping online.** 84% of the population used the internet in 2020 but just 47% shopped online. In 2022, the proportion shopping online has risen to 56%, the average for the region as a whole.

This situation has the potential to change with ecommerce growing faster in Iran than in other countries in the region. An increasing number of consumers in Iran are shopping online via mobile phones rather than using a desktop device. The split is 40:60 currently in favour of desktop having risen over the last five years when mobile phones accounted for 26% of the ecommerce market.

The future looks promising from a statistical point-of-view, with the younger generations being more active on social media than their parents. **71% of young people aged under 13 uses social media as opposed to 56% of the total population,** according to analysts We Are Social and Kepios.

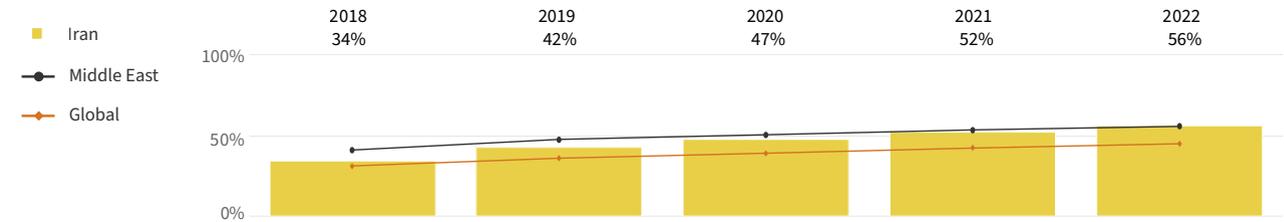
Percentage of internet users



Source: RetailX, drawing on data from the World Bank

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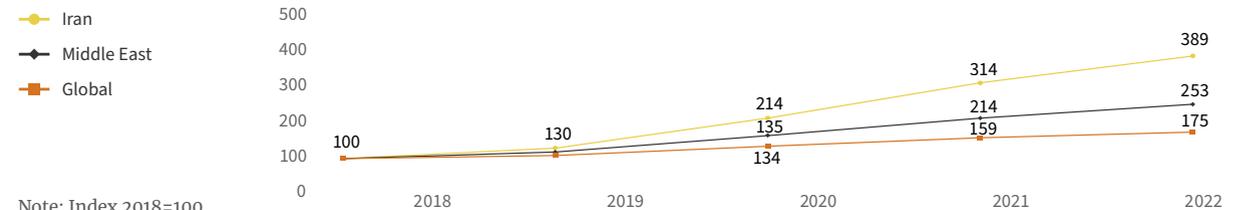
Percentage of internet users who shop online



Source: RetailX, drawing on data from Statista

© RetailX 2022

Ecommerce revenue Index



Note: Index 2018=100

Source: RetailX, drawing on data from Statista

© RetailX 2022

The size of the population, internet usage and the increasing amount spent online by those people who already visit ecommerce sites would, normally, make it an attractive market for brands and retailers looking for emerging markets.

However, Iran is a very closed market. **94% of traffic to Iranian websites originates from within the country.**

US, UN and EU trade sanctions have meant companies have avoided the country, while some others that could trade freely are wary of entering the market. This extends to US tech companies that in September 2022 were told by the US Treasury Department they could trade freely with Iran if it would increase internet access for Iran's population.^[1]

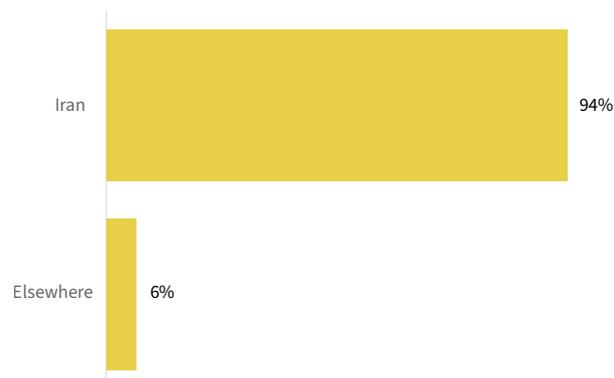
Starlink is one company keen to explore the opportunities.

Iran's mobile and internet networks were restricted in September and early October as public disturbances increased following the death of Mahsa Amini.

Instagram and WhatsApp are two international social media platform available in Iran.

The reports come on top of August's news of a **draft bill proposed by the government to put the internet under the control of Iran's military.** It would make social media

Web traffic to the largest Iran-based retailers split by consumer location



Note: Data from 17 retailers are used. These are all the Iran-based retailers that belong to the Iran Largest 100

Source: RetailX, drawing on data from SimilarWeb

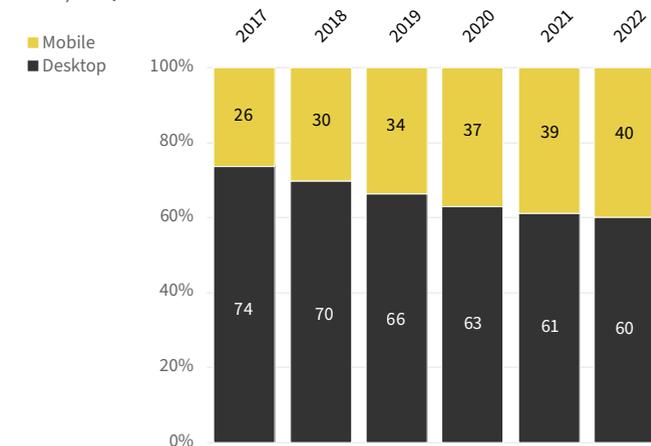
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subject to governmental oversight and data ownership rules, put restrictions on unregistered social media apps and criminalise virtual private networks.^[2]

Unsurprisingly, the country's ecommerce industry is concerned. **September's clamp down on Instagram resulted in a missing marketing channel and lost sales for online retailers.** This was as much as \$1,500 and \$20,000 a day in lost revenue for each online retailer, substantial figures in the local currency, according to Tehran NSR.^[3]

Preferred device for online shopping (%)

Iran, 2017-22



Source: Statista

© RetailX 2022

For some of the retailers, these figures equate to a 50%-70% decline in orders. Parcel deliveries in the country have dropped by 25%.

[1] <https://www.bbc.co.uk/news/technology-62996100>

[2] <https://apnews.com/article/technology-middle-east-business-iran-bills-dbecb3a8239a262a4891d4640a8d8a8d>

[3] <https://www.iranintl.com/en/202210097430>

Israel

A global technology hub, strong start-up community and ecommerce growth make Israel an attractive market for international investors and retailers

Israel is a comparatively young nation having been established after the Second World War. On 14 May 1948, David Ben-Gurion, who became the country's first prime minister, speaking at the Tel Aviv Museum, made the Declaration of the Establishment of the State of Israel. On the same day, the USA, still Israel's most important ally, de facto recognised the new state.

These events took place against a backdrop of civil war between the Jewish and Muslim populations of British-administered Mandatory Palestine. To a greater or lesser

Israel

Area: 22070 km²

Capital: Jerusalem

Currency: New Israeli Sheqel (ILS)

Official language: Hebrew

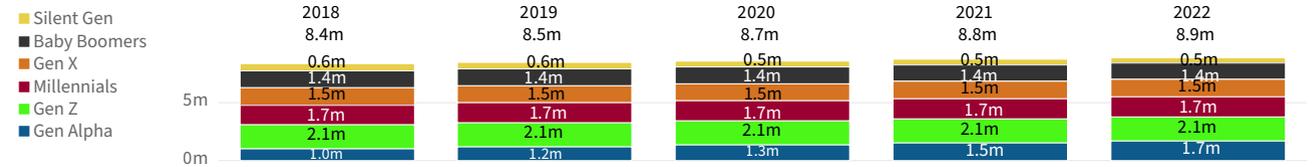
Other languages: English

Government: Parliamentary democracy

VAT: 17% | **Reduced VAT:** 0%



Population structure by age group

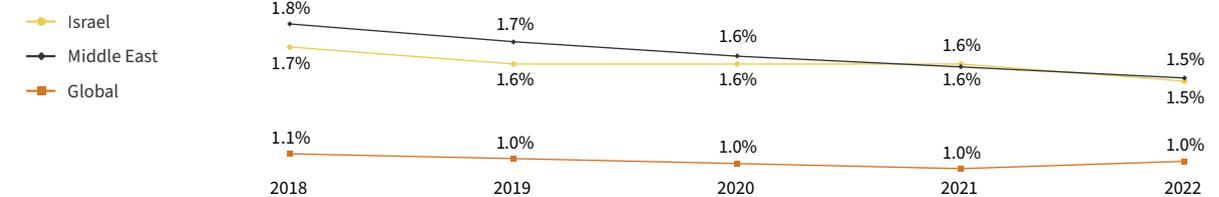


Note: Age groups (year of birth): Silent Gen (1928-1947), Baby Boomers (1948-1967), Gen X (1968-1982), Millennials (1983-1997), Gen Z (1998-2012), Gen Alpha (2013-present)

Source: RetailX, drawing on data from UN

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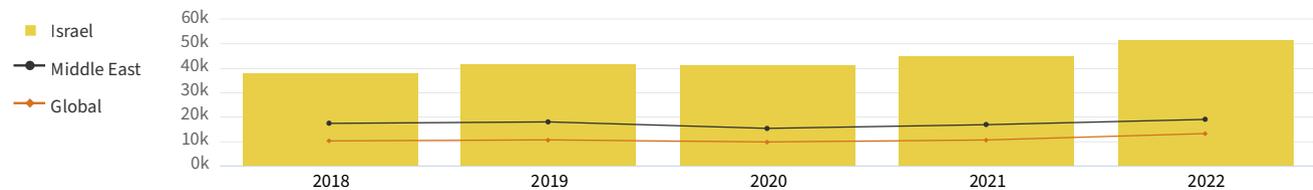
Population growth



Source: RetailX, drawing on data from UN

© RetailX 2022

GDP per capita (USD)



Source: RetailX, drawing on data from IMF

© RetailX 2022

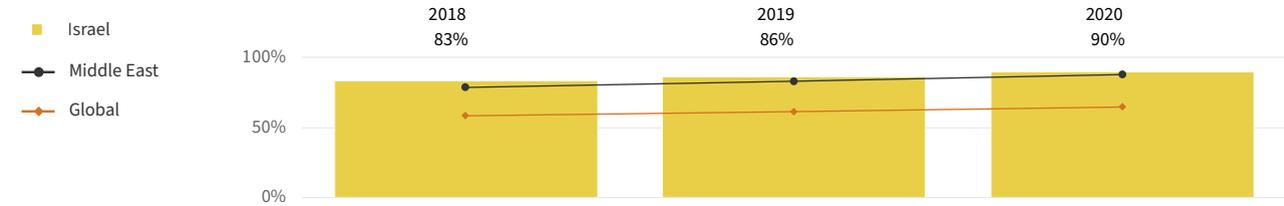
extent ever since, Israel's relations with its immediate neighbours, including those living in the de jure sovereign state of Palestine, have been tense.

For all that it has existed for long periods on a quasi-war footing, **Israel is both a liberal democracy** – albeit one where the government changes regularly as coalitions form and dissolve – **and an advanced economy**.

A large proportion of its population of 8.9m uses the internet but just half shop online. The number shopping online has risen sharply in recent years. Just 31% of its internet users shopped online in 2018. Since then, the country has seen ecommerce growing at a rate faster than the Middle East region as a whole. Along with Turkey, **Israel has the highest proportion of GenZ consumers shopping online.**

Israel has a strong start-up community in the technology sector. It raised \$25.6bn in 2021, with high levels of investment continuing into the first quarter of 2022. Its digital technologies have gathered VC backing among international retailers. For instance, Flytrex is delivering takeaway food by drone in five US towns and is being tested as a way to speed up deliveries by Walmart.^[1] Technology firm Trigo raised \$100m for its Amazon-style shop and go technology recently as well as announcing the **opening of the first autonomous store in Israel with the country's largest supermarket Shufersal.**^[2]

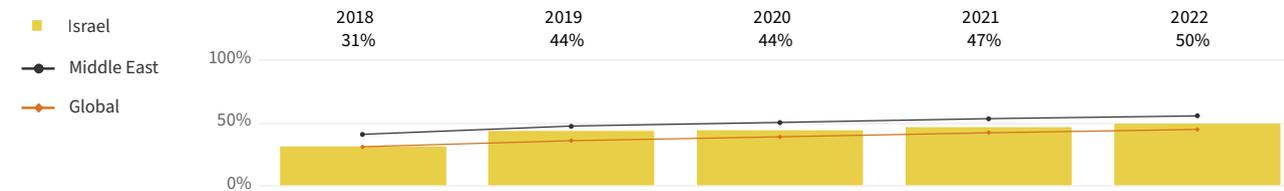
Percentage of internet users



Source: RetailX, drawing on data from the World Bank

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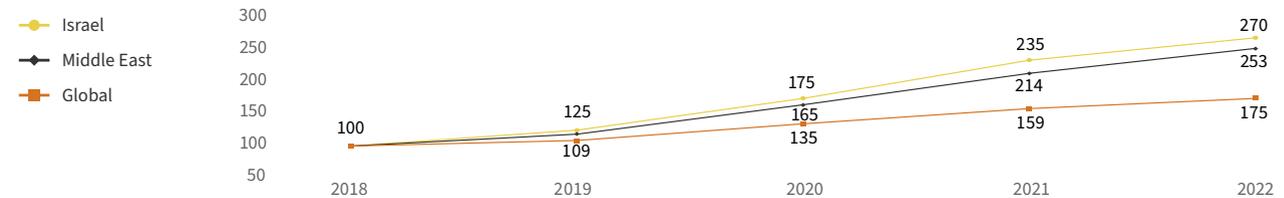
Percentage of internet users who shop online



Source: RetailX, drawing on data from Statista

© RetailX 2022

Ecommerce revenue Index



Note: Index 2018=100

Source: RetailX, drawing on data from Statista

© RetailX 2022

Israel also attracts international companies, including Intel, Microsoft, Apple, IBM, Google, Meta and Cisco Systems, all of which have opened research and development facilities in the country.

The growth of ecommerce, R&D culture and economy has made Israel an attractive market for international retailers. Amazon.com is the leading marketplace in Israel. **Along with Chinese fast-fashion firm shein.com and ksp.co.il, an Israeli multi-category retailer, Amazon.com accounts for 10% of online revenue in Israel.**

H&M, which has had stores in the country since 2010, launched online in 2022 via its partner Match Retail. **China's AliExpress is investing in warehouse operations** in Israel in a bid to speed up the delivery of orders to customers. Delivery can take a month or longer currently, so the company is renting space to hold stock of a number of items which can be delivered in the significantly less time of three to seven days. The range of products held within the country may be expanded in future.^[3]

Highlighting the importance of the growing market for the Chinese company, Israel is only the fifth country in which AliExpress has invested in warehouses.

[1] <https://wraltechwire.com/2022/09/28/want-lunch-flytrex-now-delivering-by-drone-in-durham-holly-springs/>
 [2] www.reuters.com/business/retail-consumer/israels-shufersal-opens-first-checkout-free-store-tel-aviv-2022-09-08/
 [3] <https://en.globes.co.il/en/article-aliexpress-opens-warehouses-in-israel-1001421198>

Web traffic to the largest Israel-based retailers split by consumer location

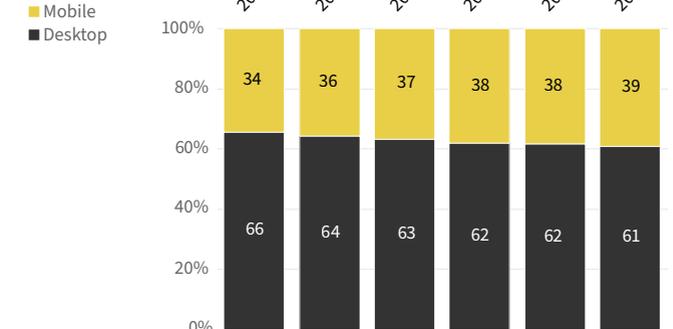


Note: Data from 25 retailers are used. These are all the Israel-based retailers that belong to the Israel Largest 100

Source: RetailX, drawing on data from SimilarWeb

© RetailX 2022

Preferred device for online shopping (%) Israel, 2017-22

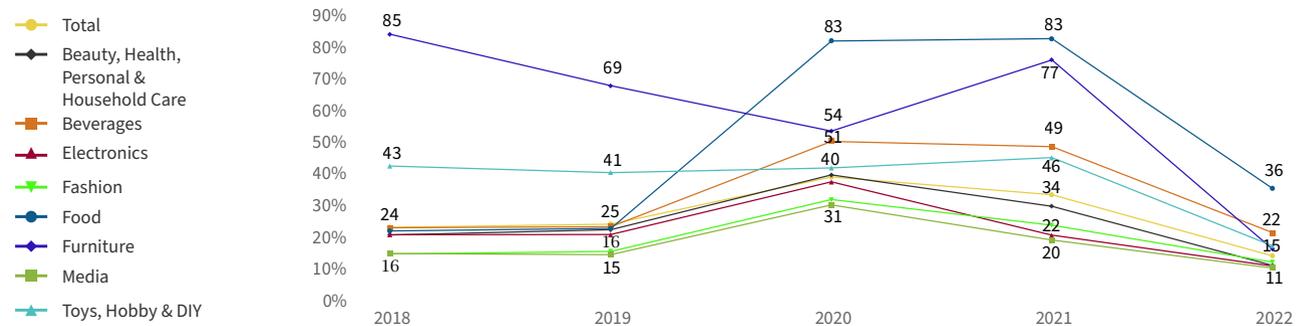


Source: Statista

© RetailX 2022

Annual change in revenue for the online ecommerce market (%) Israel, 2018-22

Israel, 2018-22



Source: Statista

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Qatar

An oil-rich country opening up to other economic opportunities on the world stage

Qatar is located on the Arabian Peninsula. It borders Saudi Arabia on one side with the remainder of its borders being coastal areas in the Gulf. Qatar is one of the smallest countries in the Middle East but it holds the position of being the **richest in terms of GDP per capita**. **It also ranks among the top ten globally.**

The majority of this wealth relates to oil and gas, the revenue from which makes up around 85% of the country's export earnings and 60% of GDP. Qatar has the world's third largest natural gas reserves. As a result, the economy has recovered quickly from the impacts of the pandemic. **GDP increased by 4.3% in the first half of 2022.**

Qatar

Area: 11490 km²

Capital: Doha

Currency: Qatari Rial (QAR)

Official language: Arabic

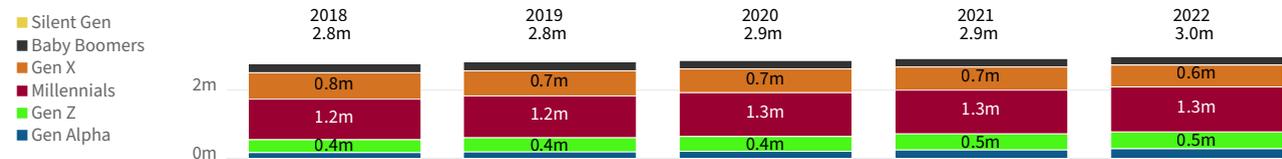
Other languages: English

Government: Absolute monarchy

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



Population structure by age group

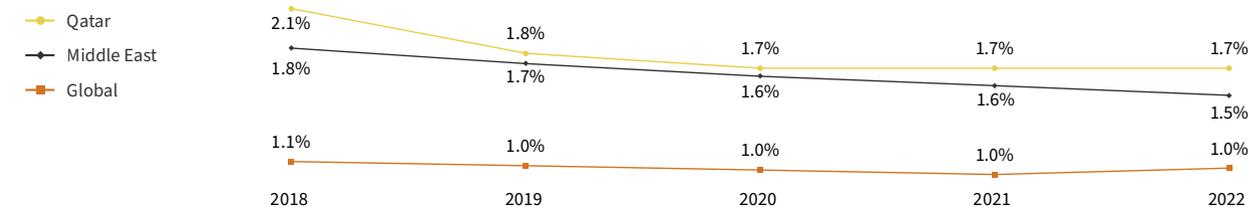


Note: Age groups (year of birth): Silent Gen (1928-1947), Baby Boomers (1948-1967), Gen X (1968-1982), Millennials (1983-1997), Gen Z (1998-2012), Gen Alpha (2013-present)

Source: RetailX, drawing on data from UN

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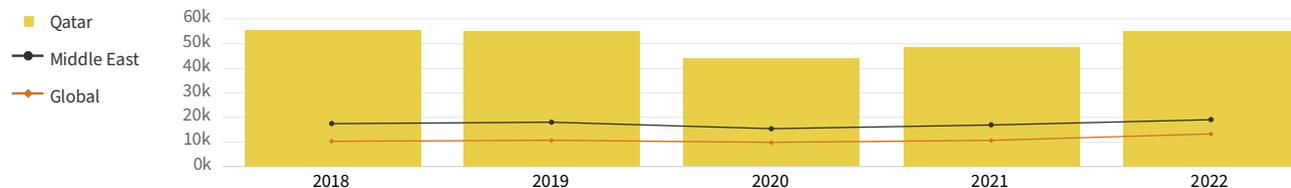
Population growth



Source: RetailX, drawing on data from UN

© RetailX 2022

GDP per capita (USD)



Source: RetailX, drawing on data from IMF

© RetailX 2022

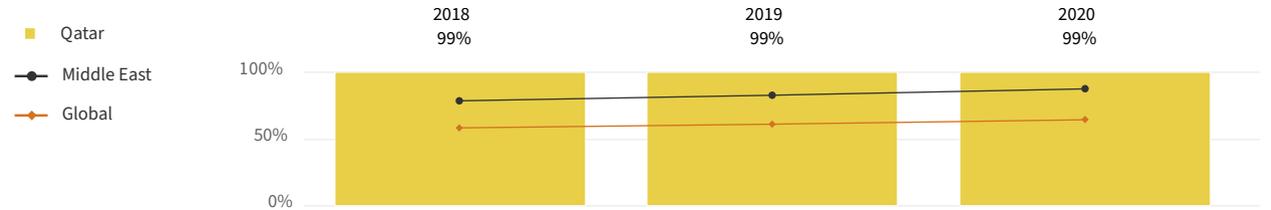
Most of Qatar’s population has access to the internet and goes online regularly. This has been helped in recent years by government initiatives to improve digital infrastructure, strengthen the regulatory framework and promote ecommerce both with international investors and domestic SMEs.

This is all part of a Qatar’s National Vision that will see the country becoming “an advanced society capable of sustaining its development and providing a high standard of living for its people.” This includes modernisation, taking the needs of current and future generations into account, managing growth and its expatriate labour force as well as managing economic growth, social development and the environment.

It also includes expanding the use of digital services within government agencies and public bodies as well as in their dealings with the country’s citizens.

Recognising the contribution that ecommerce could make to its economy, the Ministry of Commerce and Industry set up a trust mark for ecommerce merchants which would prove their legitimacy and increase confidence with consumers. Theqa which means trust in Arabic shows that an online retailer conforms to a set of business, privacy and security standards.

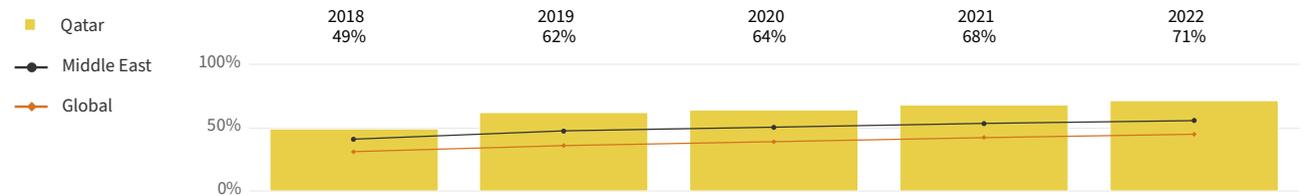
Percentage of internet users



Source: RetailX, drawing on data from the World Bank

© RetailX 2022

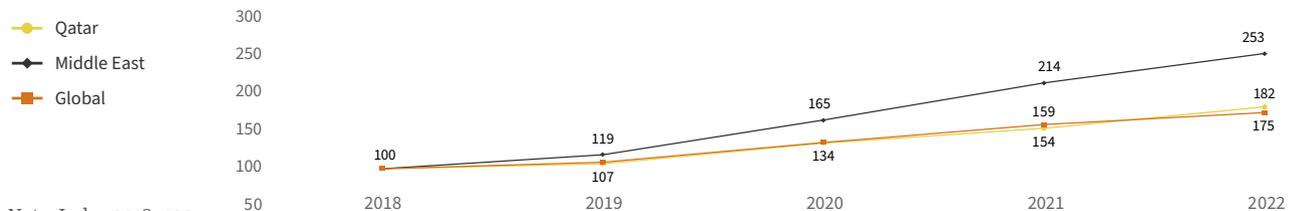
Percentage of internet users who shop online



Source: RetailX, drawing on data from Statista

© RetailX 2022

Ecommerce revenue Index



Note: Index 2018=100

Source: RetailX, drawing on data from Statista

© RetailX 2022

In 2022, 71% of internet users shop online, a rise of 22 percentage points over the position in 2018, when less than half shopped online. Consequently, ecommerce revenue has increased. However, ecommerce revenue has grown at a rate similar to that seen globally over the last four years rather than at the higher level recorded across the Middle East region as a whole.

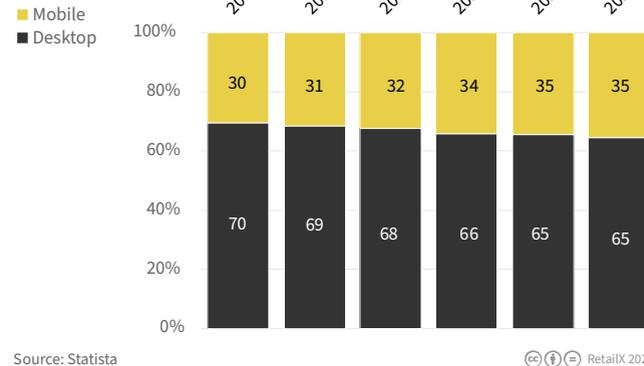
Over that time, shopping by mobile phone has increased steadily as well. Millennials make up more than a third of the overall population of Qatar and like in many markets they prefer shopping on smartphones rather than using a desktop device. Mobile phones were the preferred device for online shopping for 31% of consumers in Qatar in 2018. This has risen to 35% in 2022.

Like other Gulf states, Qatar is keen to widen its economy beyond fossil fuels. In the first half of 2022, GDP from other industries beyond oil grew by 7.3% compared to the same six months of 2021.^[1]

Qatar is hosting the World Cup in 2022 so has been working to ensure that only official products are advertised or sold and that those that are distributed conform to standards set by the Federation of International Football Association (FIFA) and its partners.

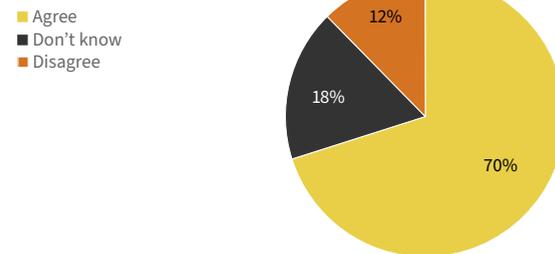
[1] <https://thepeninsulaqatar.com/article/25/10/2022/full-speech-of-amir-at-inauguration-of-shura-councils-ordinary-session>

Preferred device for online shopping (%) Qatar, 2017-22



Global opinion on boycotting the Qatar 2022 FIFA World Cup

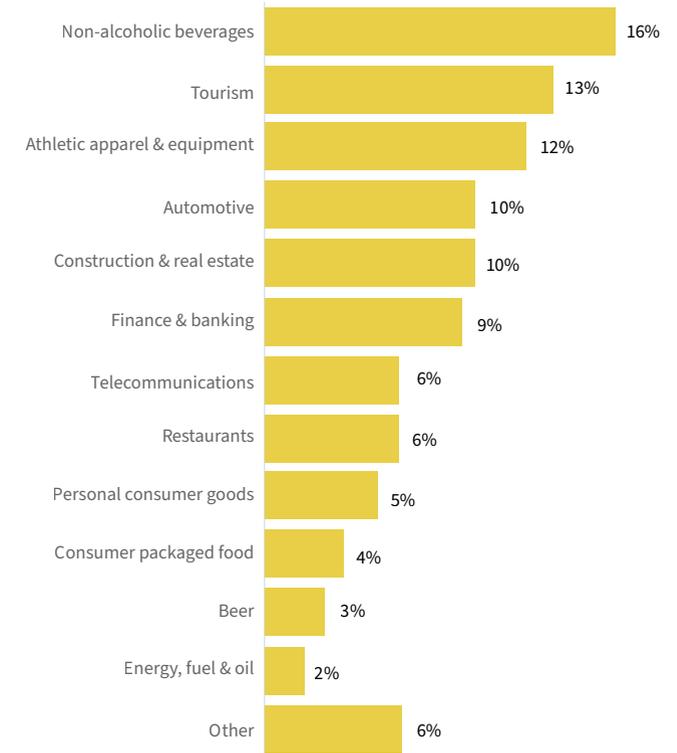
Worldwide, 2021



Note: Based on 4,201 respondents worldwide, 7-12 Apr 2021

Source: RunRepeat

Sponsorship spending on the FIFA World Cup 2022, by category



Saudi Arabia

The highest growing G-20 economy diversifies and innovates for future growth

The Kingdom of Saudi Arabia occupies the majority of the Arabian Peninsula. At more than two million square kilometres, it is the largest country in the Middle East. It has a population of 35m, less than half that of Turkey or Iran, the most populous countries highlighted in this report. This results in a country that is one of the least densely populated regions of the Middle East.

Saudi Arabia is governed as an absolute monarchy under Salman bin Abdulaziz Al Saud. He appointed his son and Crown Prince Mohammed bin Salman Al Saud Prime Minister in 2022.

Saudi Arabia

Area: 2149690 km²

Capital: Riyadh

Currency: Saudi Riyal (SAR)

Official language: Arabic

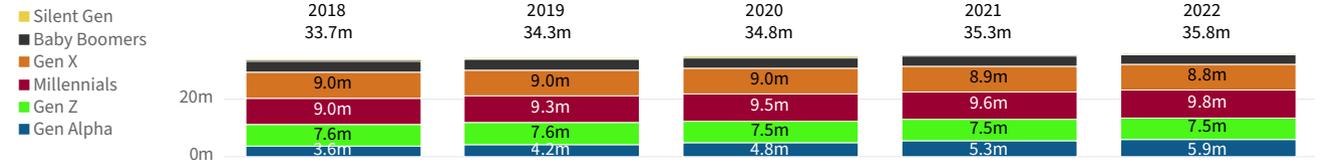
Other languages: None

Government: Absolute monarchy

VAT: 15% | **Reduced VAT:** 0%



Population structure by age group

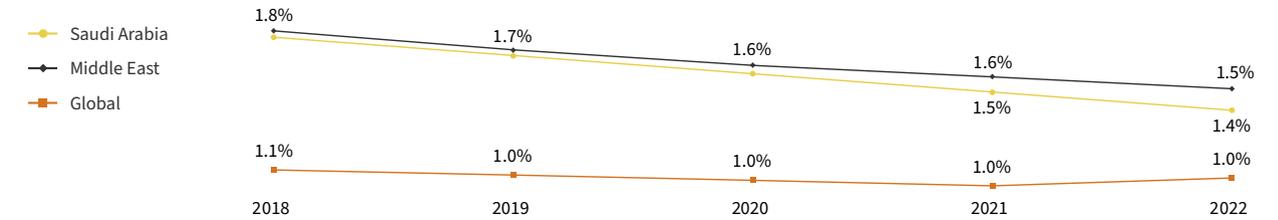


Note: Age groups (year of birth): Silent Gen (1928-1947), Baby Boomers (1948-1967), Gen X (1968-1982), Millennials (1983-1997), Gen Z (1998-2012), Gen Alpha (2013-present)

Source: RetailX, drawing on data from UN

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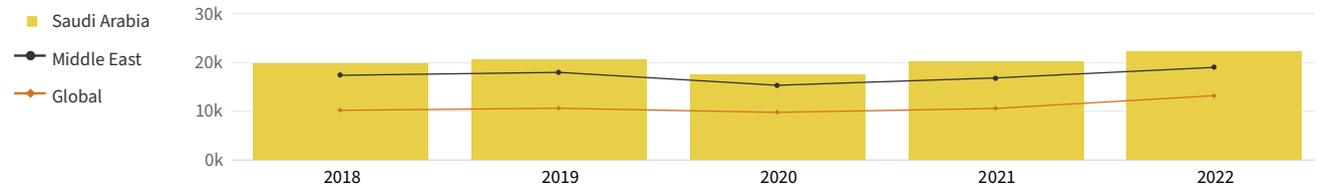
Population growth



Source: RetailX, drawing on data from UN

© RetailX 2022

GDP per capita (USD)



Source: RetailX, drawing on data from IMF

© RetailX 2022

A large part of the country’s economy is based on fossil fuels. In 2016, **Saudi Arabia announced plans to diversify its economy in a bid to move away from its dependence on the fluctuating prices of oil and gas.**

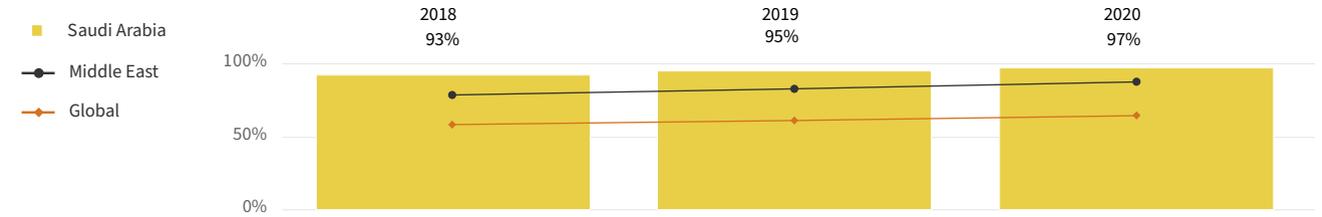
Saudi Arabia’s Vision 2030 is unlocking growth and investment opportunities, increasing its citizens’ quality of life, while also trying to change how the country appears on the world stage.^[1]

The Vision emphasises the country’s location at the heart of the Arab and Islamic worlds as well as its ability to connect Africa, Asia and Europe. Supply chain and tourism initiatives are being presented as opportunities for international businesses and consumers.

The International Monetary Fund (IMF) has praised the strength of Saudi Arabia’s financial position and its continued recovery from recession caused by the pandemic. “The Kingdom’s continued implementation of structural reforms will help ensure a strong, comprehensive, and environmentally friendly recovery,” it said.

The IMF also reported that the liquidity support, the support provided by the public finances, the momentum of reforms, the rise in oil prices and the increase in its production helped the Kingdom recover.

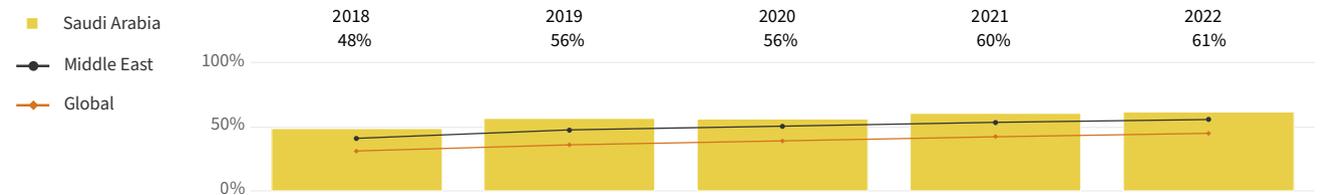
Percentage of internet users



Source: RetailX, drawing on data from the World Bank

© RetailX 2022

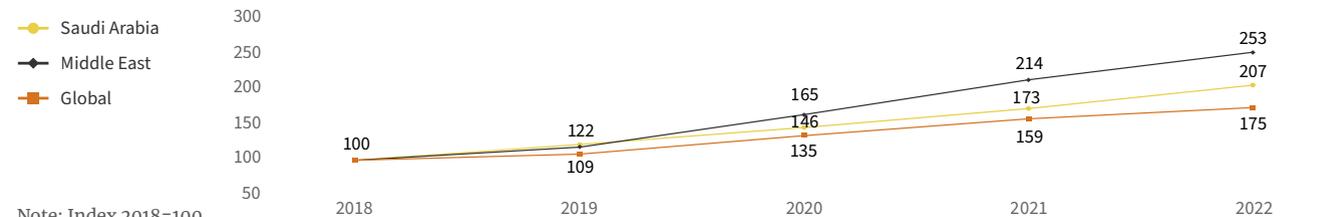
Percentage of internet users who shop online



Source: RetailX, drawing on data from Statista

© RetailX 2022

Ecommerce revenue Index



Note: Index 2018=100

Source: RetailX, drawing on data from Statista

© RetailX 2022

GDP is predicted to reach 9.9% in 2022, the highest growth rate among the G20 countries, according to the Organization for Economic Co-operation and Development (OECD). The OECD also expects the **Saudi economy to increase by 6% in 2023**.

Saudi Arabia is also becoming a **hub for innovation in city planning, technology and artificial intelligence**.

The Line, which is a mirrored, 200m wide, 170km long, zero-carbon city, currently under construction, will become home to nine million people.^[2]

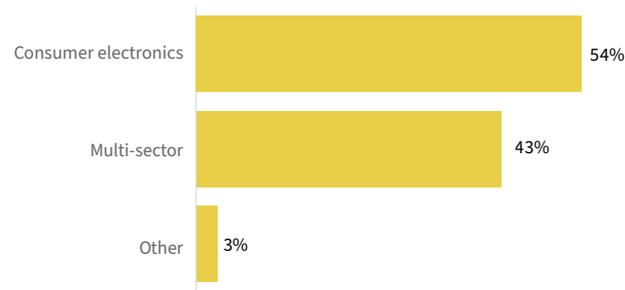
HRH Crown Prince Mohammed bin Salman commented on the country’s commitment to a “civilisational revolution that puts humans first based on a radical change in urban planning.” He said: “The city’s vertically layered communities will challenge the traditional flat, horizontal cities and create a model for nature preservation and enhanced human liveability. The Line will tackle the challenges facing humanity in urban life today and will shine a light on alternative ways to live.”

With a growing online economy, 97% of the population using the internet and 43% preferring to shop online from mobile devices, new initiatives in Saudi Arabia have the opportunity to showcase new forms of digital innovation.

[1] www.vision2030.gov.sa
 [2] www.neom.com/en-us/regions/theline

Web traffic by sector in Saudi Arabia

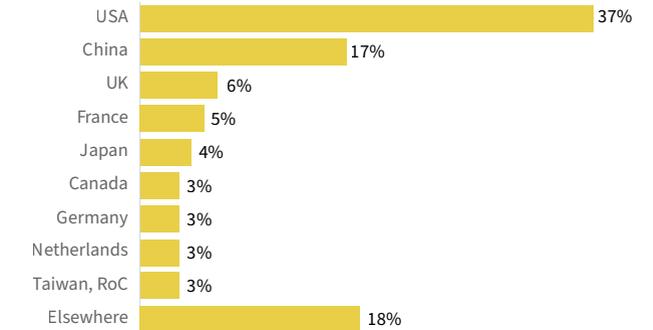
Web visits of local consumers to the Saudi Arabia Largest 100 retailers



Source: RetailX, drawing on data from SimilarWeb



Where the Saudi Arabia Largest 100 are based

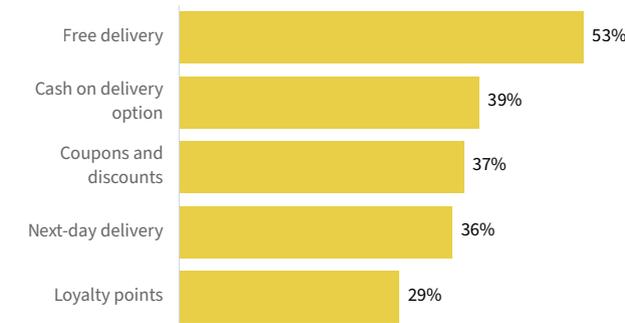


Source: RetailX, drawing on data from SimilarWeb



Online purchase drivers

Saudi Arabia, 2022

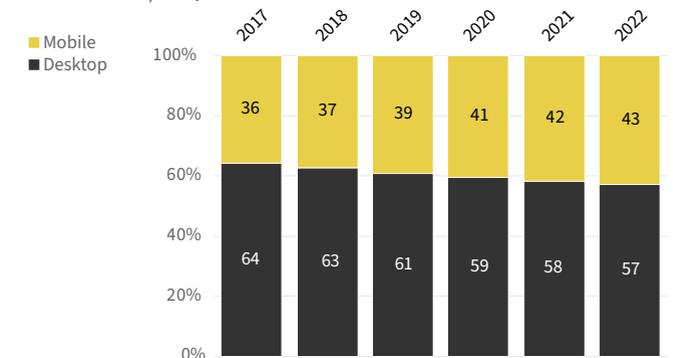


Source: We are social, Kepios. Accessed via Datareportal



Preferred device for online shopping (%)

Saudi Arabia, 2017-22



Source: Statista



Turkey

A market with potential for growth dominated currently by local marketplaces

Turkey stands as a crossroads between Europe and Asia. It has borders with EU members Bulgaria and Greece to its north west, with Syria, Iraq and Iran forming its southern and eastern borders. Armenia and Georgia are also neighbours.

It has a population of 85.6m, 77% of whom are online. **51% of consumers shop online, a figure that has jumped from just 39% in 2019.** As with other parts of the Middle East, and globally, the pandemic accelerated ecommerce uptake, particularly among older demographics who were affected the most by lockdown restrictions. Ecommerce increased by 66% in 2020 compared to 2019's pre-pandemic retail market.

Turkey

Area: 785350 km²

Capital: Ankara

Currency: Turkish Lira (TRY)

Official language: Turkish

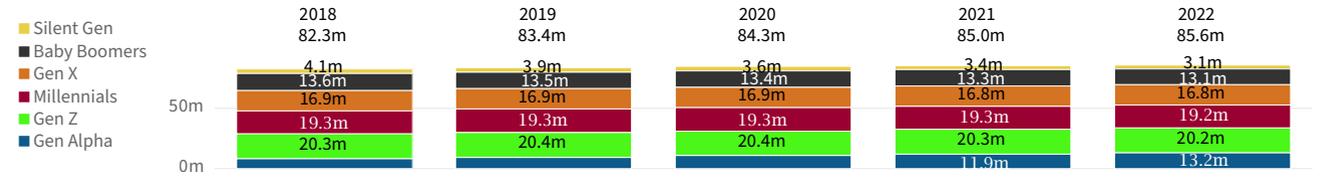
Other languages: Kurdish

Government: Presidential republic

VAT: 18% | **Reduced VAT:** 1%



Population structure by age group

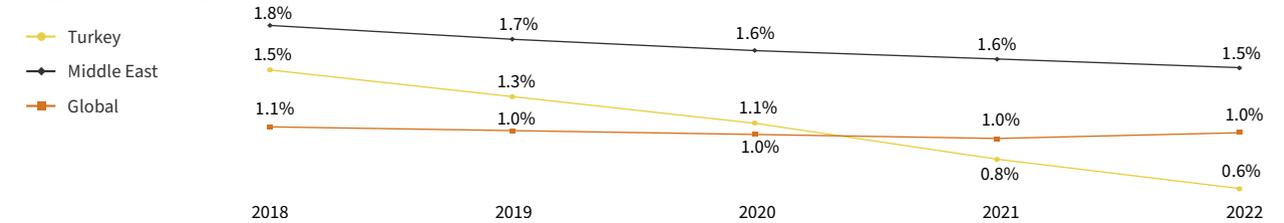


Note: Age groups (year of birth): Silent Gen (1928-1947), Baby Boomers (1948-1967), Gen X (1968-1982), Millennials (1983-1997), Gen Z (1998-2012), Gen Alpha (2013-present)

Source: RetailX, drawing on data from UN

© RetailX 2022

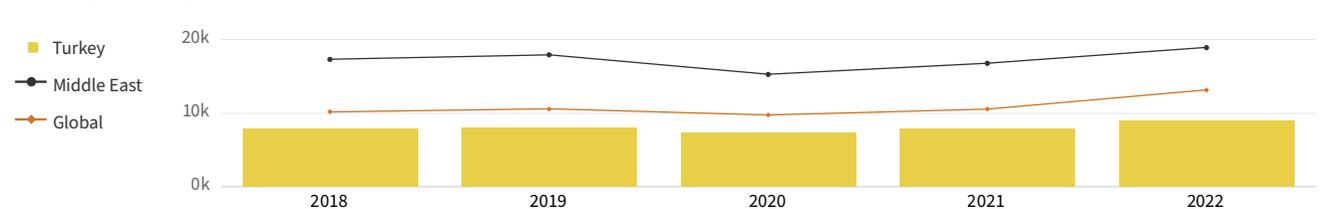
Population growth



Source: RetailX, drawing on data from UN

© RetailX 2022

GDP per capita (USD)



Source: RetailX, drawing on data from IMF

© RetailX 2022

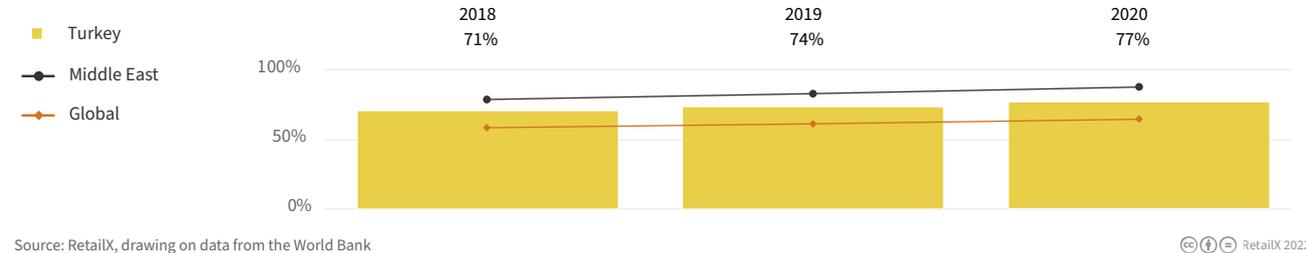
There is still a lot of potential for growth online in Turkey as existing players jostle for position and innovative pureplays disrupt existing categories. **In 2021, online orders rose by 46% year-over-year to nearly 3.35bn**, according to Turkey’s ecommerce association.^[1]

The pandemic also diversified usage as consumers shopped through different ecommerce sites and mobile apps as platforms temporarily replaced the bricks-and-mortar store environment. “These habits are here to stay,” says Mine Ozmen, co-founder of commerce platform Rierino. “It is not a matter of whether people will shop online, but more of how often and with what basket size,” she adds.

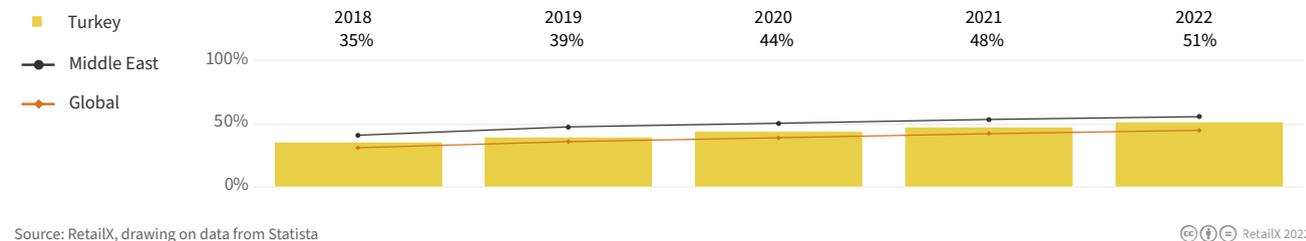
In 2022, **ecommerce accounts for 18% of total retail sales, but much of this is dominated by local marketplaces, such as Trendyol, Hepsiburada, Sahibinden, N11 and CicekSepeti**. The major players are competing to become the “ultimate super app,” according to Ozmen. On-demand groceries, travel, taxi, ten-minute deliveries or other fulfilment offerings are now expected by consumers rather than being the exception.

Turkey has an active start-up ecosystem with founders keen to secure their place in a growing ecommerce and omnichannel market. Some pureplay retailers have overstretched themselves post-pandemic, having found that the market isn’t growing at the same rate as it was in

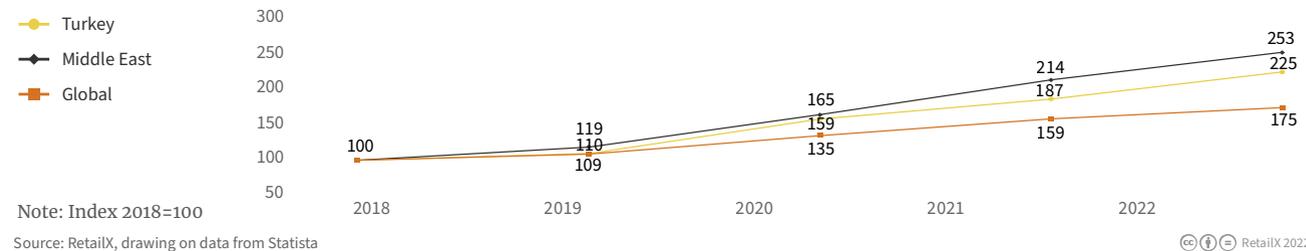
Percentage of internet users



Percentage of internet users who shop online



Ecommerce revenue Index



2020, according to Halit Develiouglu founder of fulfilment and robotics company Oplog. Those pureplays that have remained agile are doing well, innovating and diversifying with pop-up shops and collaborations.

Although **Turkey is expected to see GDP growth of 4.7% in 2022, its economy remains unstable.** Economic activity is predicted to weaken in the later months of 2022 with GDP in 2023 reaching 2.7%. **Inflation is currently running high, having reached 73% in October 2022** after peaking above 80% in August. Interest rates are 13%.

This is affecting consumer spending as well as investment opportunities for the country's business start ups, resulting in technology companies looking abroad for investment and retailers expanding overseas. Russian marketplace Ozon has opened an office in Istanbul in order to attract local sellers to the marketplace while Hepsiburada has launched in Azerbaijan.^[2]

Ecommerce regulations will also shake up the industry from 2023. An Amendment to the Law on Regulation of E-Commerce aims to prevent unfair competition, a harmful competitive environment and monopolistic commercial practices including limiting advertising scope, services and the production of private label products.

[1] www.dailysabah.com/business/economy/pandemic-driven-shift-lifts-turkish-e-commerce-volume-to-2587b

[2] www.euronews.com/next/2022/08/30/russia-ozon-turkey

Web traffic to the largest Turkey-based retailers split by consumer location



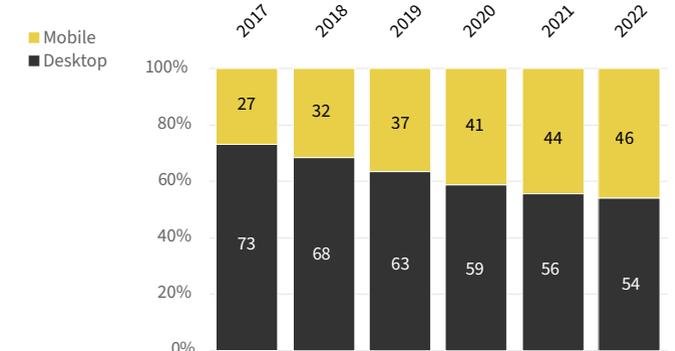
Note: Data from 22 retailers are used. These are all the Turkey-based retailers that belong to the Turkey Largest 100

Source: RetailX, drawing on data from SimilarWeb

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Preferred device for online shopping (%)

Turkey, 2017-22

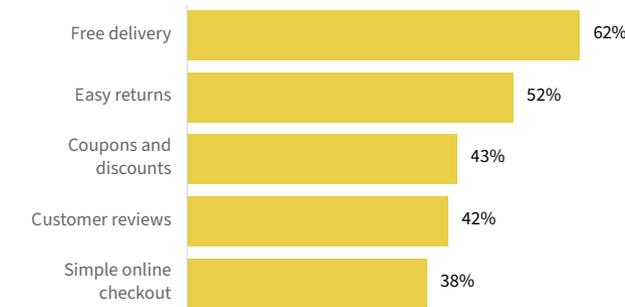


Source: Statista

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Online purchase drivers

Turkey, 2022

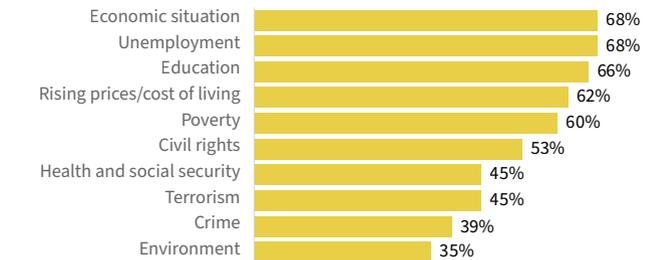


Source: We are social, Kepios. Accessed via Datareportal

© RetailX 2022

Perceived challenges

Turkey, 2022



Note: Based on 2,099 respondents in Turkey, Aug 2021. Original question: "What do you personally think are the most important issues in your country of residence that need to be addressed?"

Source: Statista Global Consumer Survey

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United Arab Emirates

Strong mobile commerce and social media put UAE in position to be a global VR hub

The Gulf state of United Arab Emirates is one of the richest countries in the Middle East, with an economy built on energy reserves. In recent years, it has diversified building up an international reputation with Dubai becoming a centre for tourism and trade.

The Dubai International Financial Centre (DIFC) is a special economic zone and self-styled leading financial hub for the Middle East, Africa and South Asia. It is home to an internationally recognised, independent regulator and a proven judicial system with an English common law framework. It offers companies 100% ownership without the need for a local partner.^[1]

United Arab Emirates

Area: 98647 km²

Capital: Abu Dhabi

Currency: UAE Dirham (AED)

Official language: Arabic

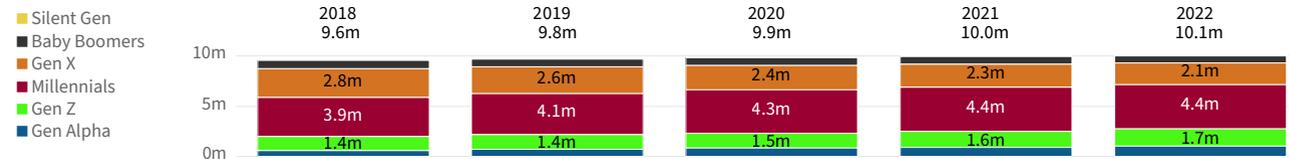
Other languages: English

Government: Federation of monarchies

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



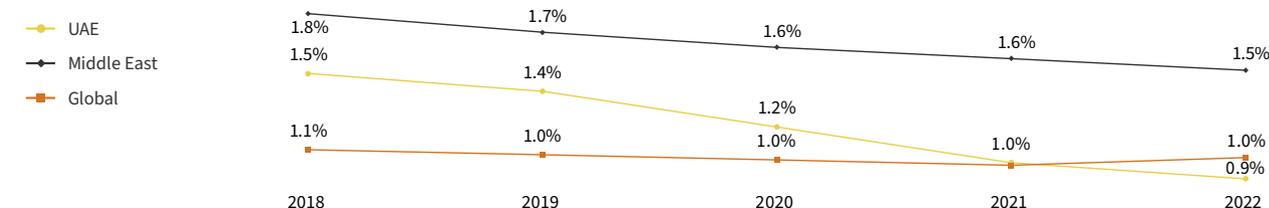
Population structure by age group



Note: Age groups (year of birth): Silent Gen (1928-1947), Baby Boomers (1948-1967), Gen X (1968-1982), Millennials (1983-1997), Gen Z (1998-2012), Gen Alpha (2013-present)
Source: RetailX, drawing on data from UN

© RetailX 2022

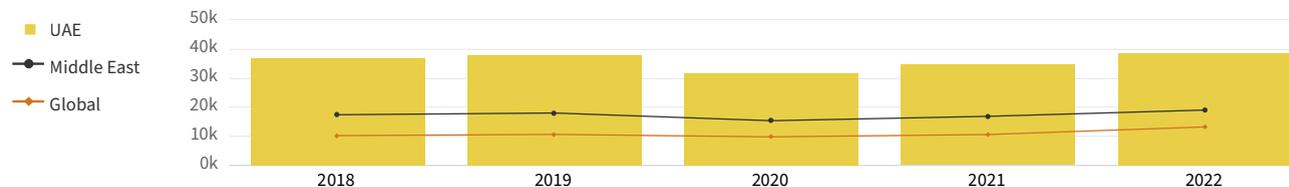
Population growth



Source: RetailX, drawing on data from UN

© RetailX 2022

GDP per capita (USD)



Source: RetailX, drawing on data from IMF

© RetailX 2022

Dubai attracts venture capitalists, trade shows, retailers and social influencers further expanding UAE’s reputation.

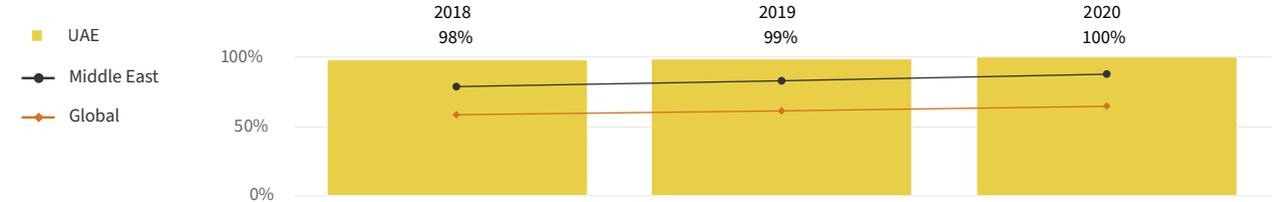
UAE’s population of ten million are mainly young.

Millennials make up the largest proportion of its citizens. With a GDP per capita of close to \$40,000 many enjoy a high spending lifestyle which is increasingly online. Everyone is able to access the internet and **69% of consumers shop online**. This reaches a higher level among Millennials making UAE a key market for brands wanting to reach this demographic. In fact, the **UAE’s Millennials are more likely to shop online than their cohort in any other country of the Middle East**.

UAE’s online shoppers are also among the region’s largest group shopping online via mobile phones. **70% of UAE’s online shoppers say they prefer to shop from their mobile** rather than a desktop device. This has increased from 61% in 2018 when 60% of internet users shopped online.

This high ownership of smartphones goes hand-in-hand with high social media usage. Emiratis are among the most prolific users of social media, spending more than three hours on social media every day. **Each person has more social media accounts than people in any other country**. As reported in the RetailX Middle East Beauty report, Dubai has become synonymous with social media influencers in the fashion and beauty sectors, some of whom have

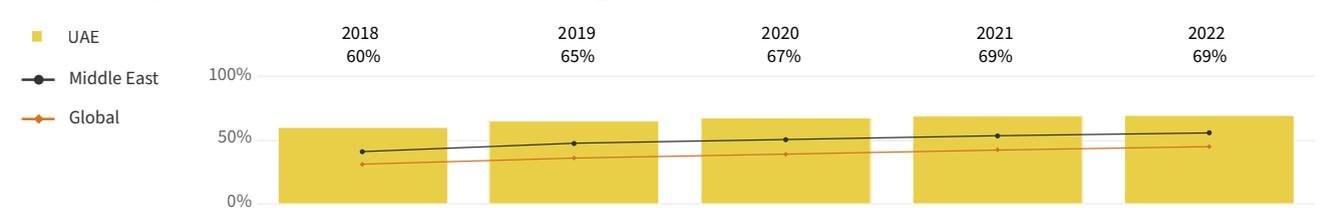
Percentage of internet users



Source: RetailX, drawing on data from the World Bank

© RetailX 2022

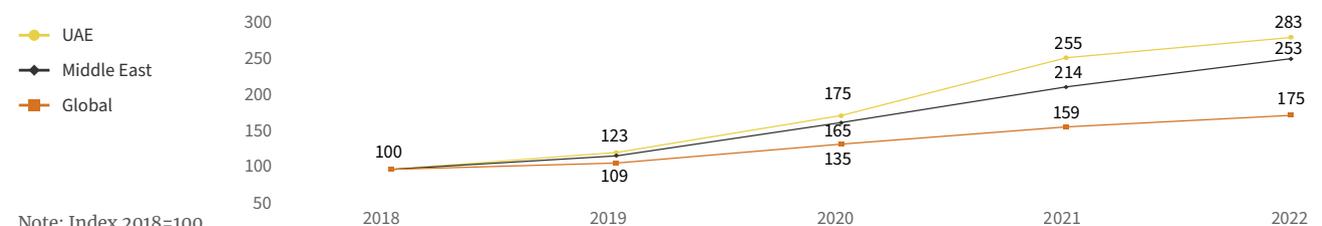
Percentage of internet users who shop online



Source: RetailX, drawing on data from Statista

© RetailX 2022

Ecommerce revenue Index



Note: Index 2018=100

Source: RetailX, drawing on data from Statista

© RetailX 2022

launched beauty brands in their own right, launching products for the global market or with ranges of more inclusive colour cosmetics for women of Middle Eastern heritage, or items certified as halal.^[2]

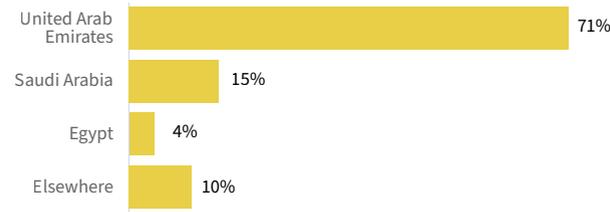
UAE's ecommerce market is growing faster than any other in the region and is predicted to be the fastest growing globally over the coming year. Majid Al Futtaim, shopping mall owner, revealed overall spending increased by 22% in the first half of 2022. Market Machine predicts growth of 23.11% for the UAE online market in 2022-23, with per capita spending rising by 22.32%.

“Despite the gathering global headwinds, data from the Q2 State of the UAE Retail Economy report confirms an ongoing, steady rebound. Bolstered by government-driven diversification initiatives that focus on strengthening the non-oil economy, boosting productivity, and creating the best environment for foreign investment, the UAE retail economy looks set to continue on a positive trajectory,” says Alain Bejjani, CEO at Majid Al Futtaim.

One such initiative is the Dubai Metaverse Strategy which will make the city a major hub for the global metaverse community.^[3]

[1] <https://internetretailing.net/reports/retailx-country-reports/the-middle-east-2021-ecommerce-country-report/>
 [2] <https://internetretailing.net/reports/retailx-sector-reports/middle-east-beauty-2022-ecommerce-region-report/>
 [3] www.arabianbusiness.com/industries/technology/new-strategy-unveiled-at-dubai-metaverse-assembly-to-place-emirate-as-major-hub

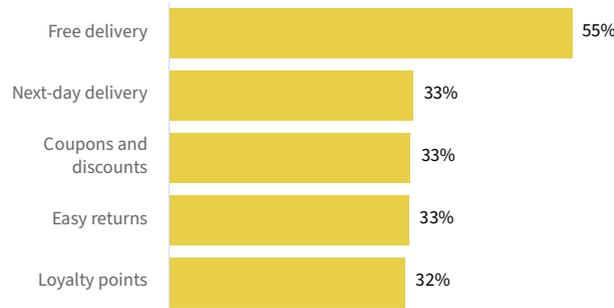
Web traffic to the largest United Arab Emirates-based retailers split by consumer location



Note: Data from 5 retailers are used. These are all the United Arab Emirates-based retailers that belong to the United Arab Emirates Largest 100
 Source: RetailX, drawing on data from SimilarWeb



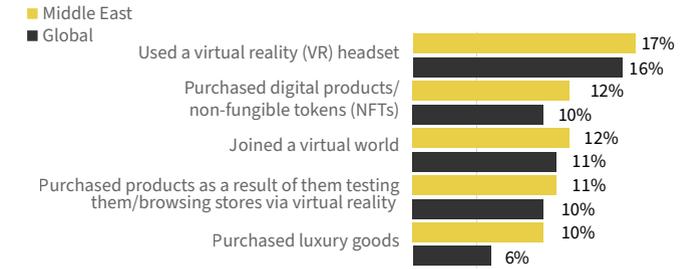
Online purchase drivers UAE, 2022



Source: We are social, Kepios. Accessed via Datareportal



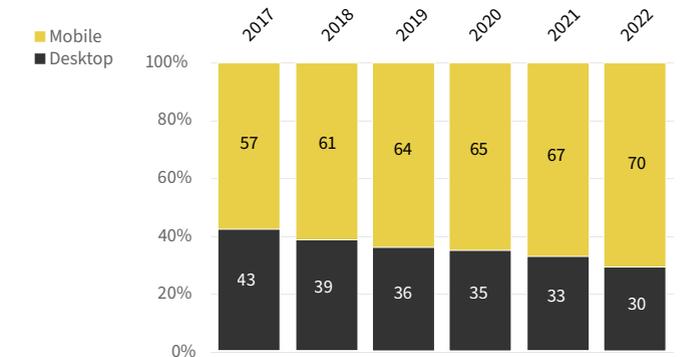
Virtual reality activities participation (%) Middle East vs Worldwide, 2022



Based on 9,069 respondents worldwide and 507 respondents in the Middle East, Jun 2022. Original question: "In the last 6 months, which of the following activities have you participated in via virtual reality?"
 Source: PwC's Global Consumer Insights Survey



Preferred device for online shopping (%) United Arab Emirates, 2017-22



Source: Statista



Consumer preferences

Different levers drive online purchases across the Middle East but data security and meeting expectations are heralded by all

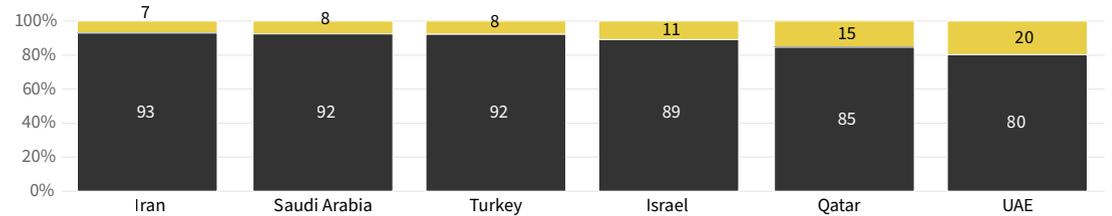
Sections of this RetailX report highlight individual countries in the Middle East analysing the extent to which their populations shop online and preferences for shopping on smartphones, as opposed to desktop devices. Examining the countries side-by-side puts more light on the differences and similarities in consumer behaviour across the region.

For example, **a fifth of shoppers in the UAE say they prefer to shop online** instead of visiting bricks-and-mortar stores and the country's large shopping malls. This is opposed to 8% in neighbouring Saudi Arabia. One of the reasons for this response would be the age distribution of online shoppers in the two countries. 42% of consumers in the UAE that shop online are in the 18-24 year old age bracket. In total, **71% of consumers in the UAE that shop online are aged below 35. In Saudi Arabia, 59% are in this age bracket.** This fact is also reflected in the high preference for mobile commerce, over the use of desktop devices, for shopping online in the UAE.

Preferred shopping channel for multichannel shoppers (%)

Middle East, 2022

■ Online
■ Offline



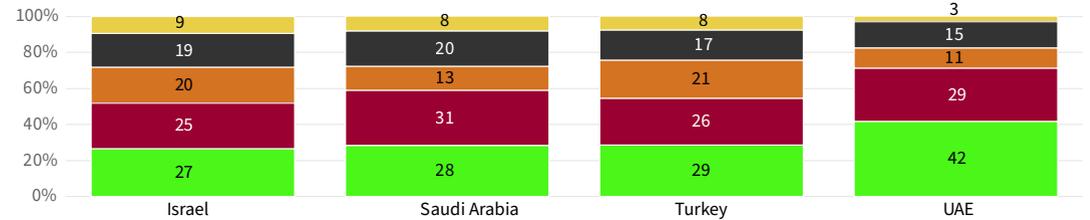
Source: Statista

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Age distribution of e-shoppers

Middle East, 2021

■ 55-64 years
■ 45-54 years
■ 35-44 years
■ 25-34 years
■ 18-24 years



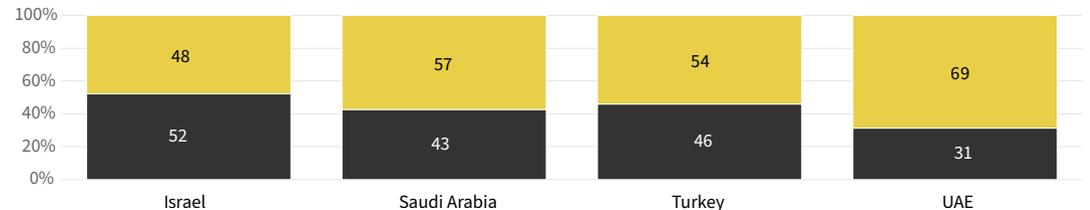
Source: Statista

© RetailX 2022

Gender split of e-shoppers

Middle East, 2021

■ Male
■ Female



Source: Statista

© RetailX 2022

Also of note is the gender of e-shoppers. This is something that would not be brought up in many regions but is pertinent in the Middle East where **69% of online shoppers in the UAE are male, a significantly larger proportion than in other countries.**

Some things are true across the region. Income level does not preclude anyone from shopping online. The profile of e-shoppers in Israel, Saudi Arabia, Turkey and the UAE are all split fairly equally between those with low, middle and high incomes. **Data security, innovation and meeting expectations are ranked highly by all consumers.**

Free delivery is the main purchase driver for online shopping in Israel, Saudi Arabia, Turkey and the UAE.

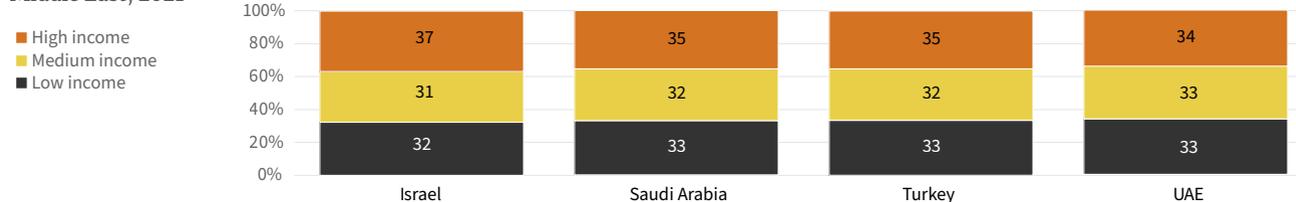
Given a choice of delivery, customer service, returns and loyalty factors, the remainder of the leading five purchase drivers varies by country. Being given **coupons and discounts is ranked in second place by consumers in Israel.** In Saudi Arabia, Turkey and the UAE, they rank in third place. **Cash on delivery is placed second by consumers in Saudi Arabia,** a country where cash was the most widely used method for all payments until 2021.^[1]

In Turkey, easy returns rank in second place while in the UAE it is the convenience of next-day delivery that takes second place.

[1] <https://thefintechtimes.com/electronic-payments-exceeds-the-use-of-cash-in-saudi-arabia/>

Income status split of e-shoppers

Middle East, 2021

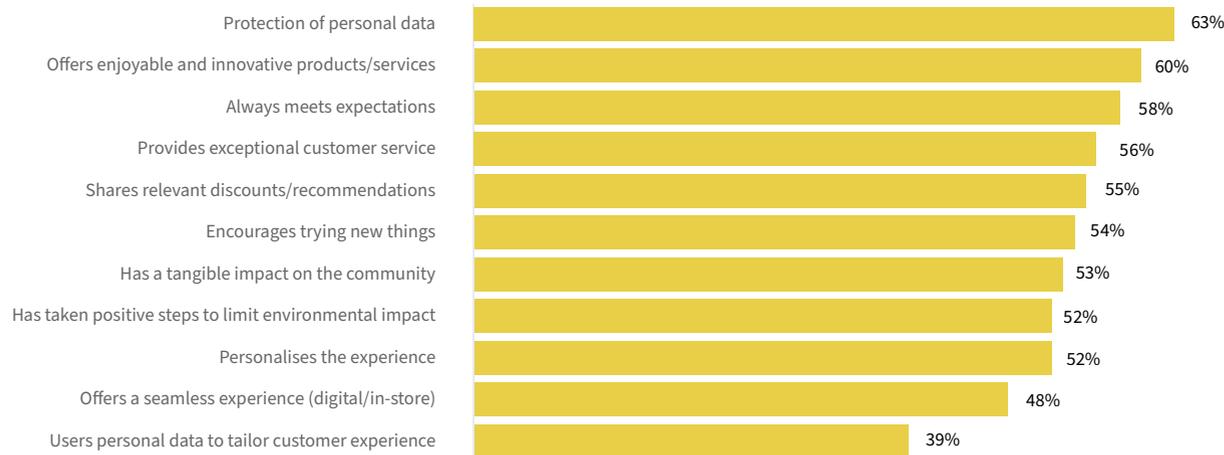


Source: Statista

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Sources of brand trust

Middle East, 2022



Note: Based on 507 responses from consumers in Middle East, March 2022

Source: PwC's Global Consumer Insights Survey Pulse 4

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Social

A region of far reaching social media usage but restricted in some countries

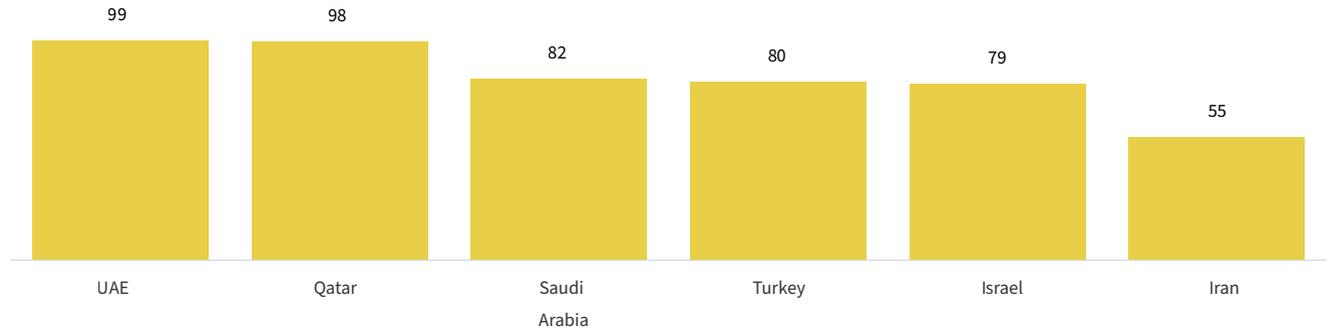
The Middle East's consumers are becoming increasingly sophisticated as digital shoppers. As such retailers are moving from selling in multiple channels to offering seamless omnichannel experiences. In some markets, smart phones are the device of choice for more than half of consumers. Hand-in-hand with this growth is the widespread use of social media.

Turkey, where 77% of the population was online in 2020, has just tipped above 50% of internet users shopping online for the first time. However, there are enough social media accounts in the country to account for 82% of the population, according to Kepios. A fifth of internet users in Turkey, which was predicted to reach more than 80% of the population in 2022, watch vlogs online, 97% stream TV services at some point during the month and 16% listen to podcasts.

On average, **consumers in Turkey each spend two hours and 59 minutes consuming social media content every day.** This is 30 minutes higher than the global average.

Active social media users as a percentage of the overall population

Middle East, 2022



Source: RetailX, drawing on data from We are social, Kepios, IMF

© RetailX 2022

Average daily time spent on social media (in minutes)

Middle East, 2022



Source: RetailX, drawing on data from We are social, Kepios, IMF

© RetailX 2022

Consumers in Saudi Arabia and UAE are even more avid social media users, spending on average three hours 24 minutes and three hours four minutes respectively on social platforms. This makes consumers in UAE and Saudi Arabia the highest consuming **social media users in the Middle East. In fact, social media accounts for around 40% of the total time spent online by internet users in Turkey, UAE and Saudi Arabia.**

This is all good news for retailers and brands waiting to reach shoppers in these countries, especially when factoring in that between **50% and 60% of consumers in these countries actively seek out information on brands and products on social media platforms.**

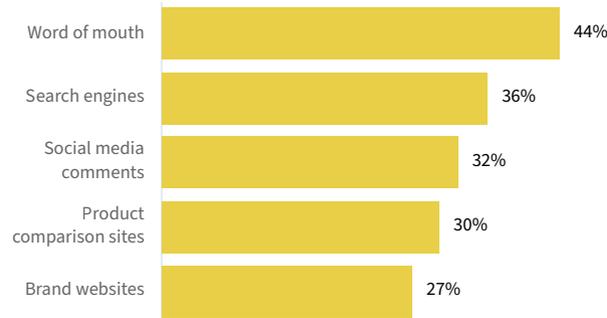
For all that Dubai is referenced as a hub for social media influencers, such people are not the main reason for the local population to use social platforms.

Consumers in **Israel are more likely to discover new brands from family and friends via word of mouth or from search engines.** Search engines as a means of brand discovery are on a par with social media in Turkey and UAE.

Egypt and Turkey rank in the top 20 global markets for the largest Facebook advertising audiences. The two countries also rank in the top 20 globally for YouTube and Instagram advertising audience. Iraq slides into Instagram's advertising reach ranking in 20th position.

Sources of brand discovery

Israel, 2022



Source: We are social, Kepios. Accessed via Datareportal

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Sources of brand discovery

Saudi Arabia, 2022

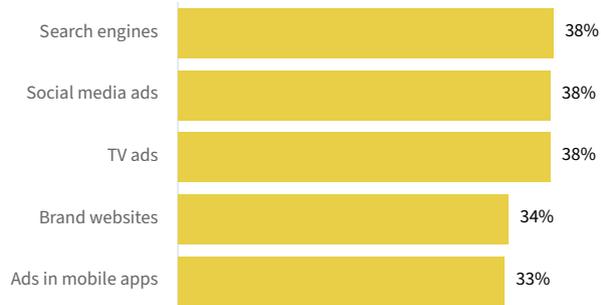


Source: We are social, Kepios. Accessed via Datareportal

© RetailX 2022

Sources of brand discovery

Turkey, 2022



Source: We are social, Kepios. Accessed via Datareportal

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Sources of brand discovery

UAE, 2022



Source: We are social, Kepios. Accessed via Datareportal

© RetailX 2022

It is with Snapchat that Iraq has a higher potential audience for advertising than Turkey. Both countries, along with Saudi Arabia, rank in the top ten.

However, when it comes to viewing advertising, consumers in the Middle East don't feel that much of it represents them. This is a factor globally, with only 16.7% of consumers seeing people like themselves in adverts, according to the GWI, Hootsuite and We are social research. In Israel, just 4.8% of consumers feel represented.

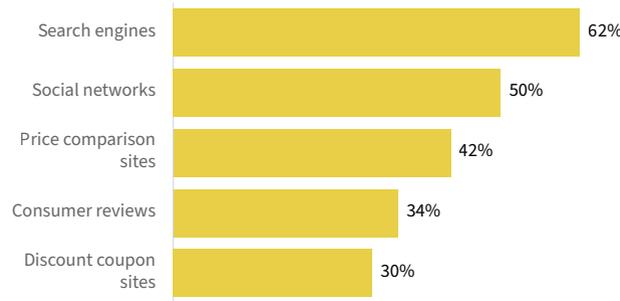
Social platforms have an interesting path to tread in the Middle East where government regulations can put restrictions on content and access. **International platforms, including Facebook, Twitter and Telegram, have been banned in Iran** during times of protest. Six months ago, 64% of Iranian's used WhatsApp, 45% Instagram and 36% were on Telegram. Reformist pundit Abbas Abdi believes a fifth of people accessing social media are doing so for business purposes.^[1]

Turkey's competition authority has recently fined Facebook parent Meta for obstructing competitors by merging data collected from Facebook, Instagram and WhatsApp.^[2] A new law in Turkey means journalists and consumers on social media can be jailed for spreading "disinformation."

[1] www.iranintl.com/en/202210268565
 [2] www.arabnews.com/node/2188256/media

Channels for online brand research

Israel, 2022

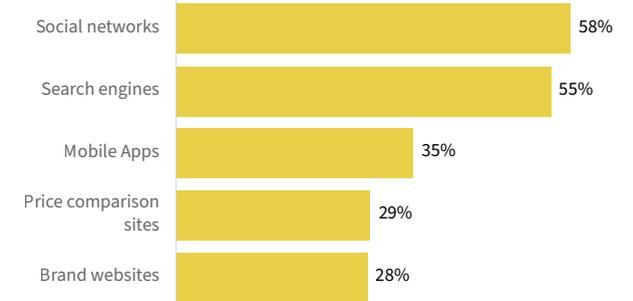


Source: We are social, Kepios. Accessed via Datareportal



Channels for online brand research

Saudi Arabia, 2022

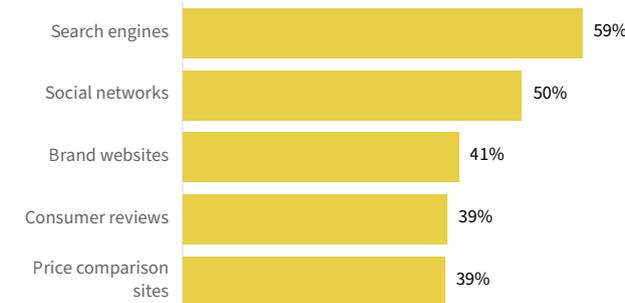


Source: We are social, Kepios. Accessed via Datareportal



Channels for online brand research

Turkey, 2022

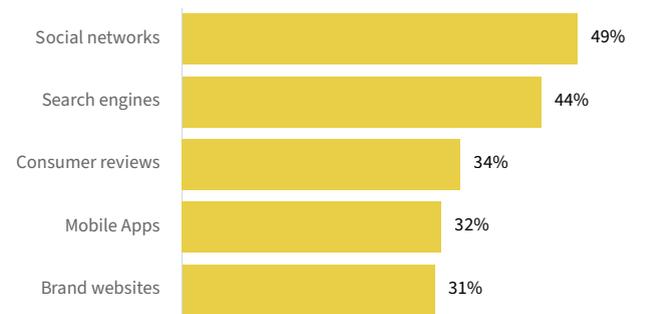


Source: We are social, Kepios. Accessed via Datareportal



Channels for online brand research

UAE, 2022



Source: We are social, Kepios. Accessed via Datareportal



Payments

Bank cards are the most popular choice for online payments but are not exclusive across the region

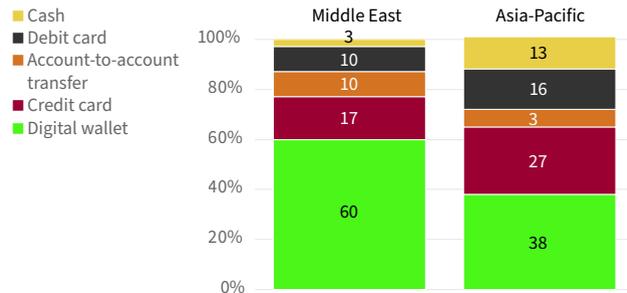
The method used to pay for online orders varies across the Middle East as consumer preference in one country does not carry across to another. Factors including maturity of the ecommerce market and the uptake of mobile commerce can be taken into consideration when viewing consumer behaviour in a particular country, as can historical banking preferences when shopping in bricks-and-mortar stores.

The majority of online orders are paid for by debit or credit card across the region. While consumers in Turkey prefer to pay by card (80%), the same is not true in Saudi Arabia where just 35% of transactions are paid for by bank card. This number is increasing as retailers continue to move customers away from paying for orders with cash on delivery. Payment by e-wallet has been increasing over the same time period and is the second most popular method in Saudi Arabia.

By 2025, the use of digital wallets is expected to grow across the Middle East and Africa by 65% above the level recorded in 2021.

Most preferred payment methods in the next five years (%)

Middle East and Asia-Pacific

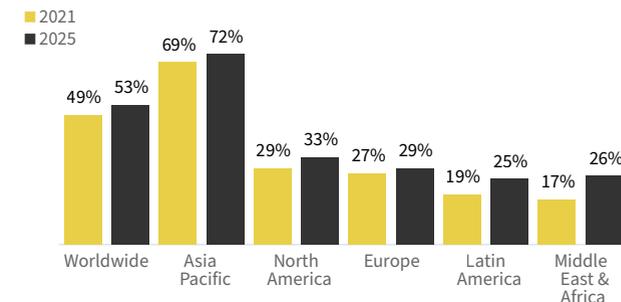


Source: McKinsey MEA payment survey

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Digital/mobile wallet payments as a share of total ecommerce transactions

Middle East

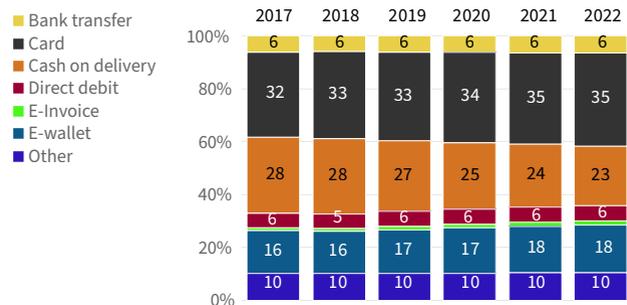


Source: Worldpay

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Preferred payment type for online shopping (%)

Saudi Arabia, 2017-22

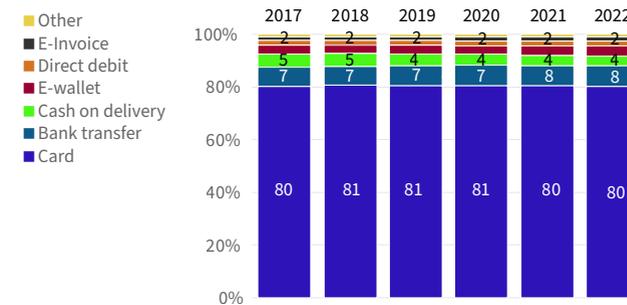


Source: Statista

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Preferred payment type for online shopping (%)

Turkey, 2017-22



Source: Statista

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Sustainability

Oil-rich nations are diversifying towards environmental protection and renewable energy sources

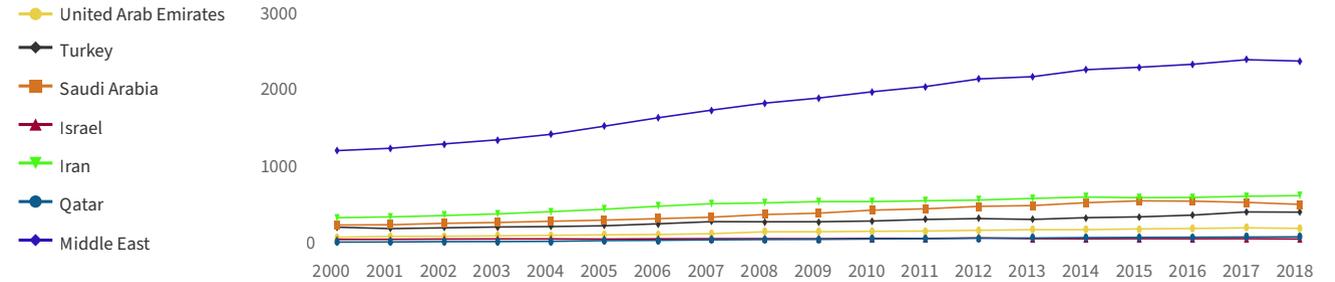
The Middle East became a focal point for sustainability in 2022. **In November, Egypt hosted COP27**, the UN-backed global gathering to increase climate change discussion and action. A key theme for the event was accelerating progress. It was hoped the summit would be a turning point for the world, marking the point it would collaborate as one international community and work for the common good of humanity and our shared planet.

Egypt urged countries to upgrade their nationally determined contributions (NDCs) in line with the Paris Agreement and set more ambitious goals, including supporting the reduction of emissions by developing countries and adapting to the impacts of climate change.

Under the Presidency of HE Sameh Shoukry, Egypt’s Minister of Foreign Affairs, meetings prior to COP27, “will build on the outcomes from Glasgow and discussions during the first semester of 2022, recognising the new headwinds and tailwinds the overall economic and geopolitical situation in the world presents for global climate cooperation and action.”

Carbon dioxide emissions (Mton)

Middle East, 2000–18

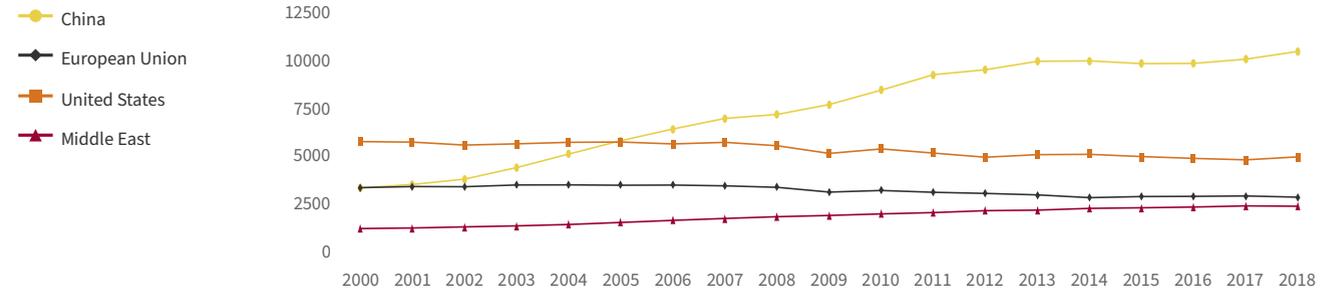


Source: The World Bank

© RetailX 2022

Carbon dioxide emissions (Mton)

2000–18



Source: The World Bank

© RetailX 2022

Governments across the Middle East are agreed climate action goes beyond a simple energy transition. “We must take a holistic, cross-sectoral approach with multi-stakeholder engagement to the transition of societies and economies to a more sustainable future,” says Mariam bint Mohammed Almheiri, UAE’s Minister of Climate Change and Environment. The UAE has reaffirmed its commitment to the 2030 Agenda for Sustainable Development, particularly with regards to SDG13: Climate Action. **UAE plans to reach net-zero carbon emissions by 2050.**

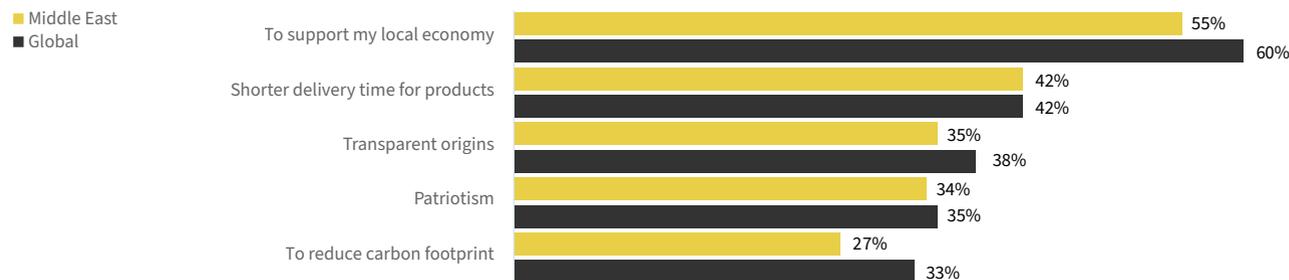
There is also a **keenness among the oil and gas-rich nations to diversify into renewable energies** as part of their move from economic reliance on fossil fuels. QatarEnergy’s Al-Kharsaah solar energy project covers 10% of Qatar’s electricity consumption.

Reporting from the Shura Council headquarters, Qatar News Agency translated HH the Amir Sheikh Tamim bin Hamad Al-Thani’s speech on the subject. “Out of its keenness to preserve natural resources and achieve sustainable development, the state has adopted the national program of the integrated resource sustainability, waste recycling and building of treatment plants to convert waste into energy.”^[1] Qatar’s sustainability policies have seen it become the first country to gain healthy cities status accreditation from the World Health Organization.

[1] <https://www.qna.org.qa/en/News-Area/News/2022-10/25/0019-hh-the-amir-inaugurates-shura-council%27s-ordinary-session>

Reasons to pay extra for products produced/sourced domestically (%)

Global vs Middle East, 2022



Note: Based on 7,034 respondents worldwide and 395 respondents in Middle East, Jun 2022. Original question: "Why would you be willing to pay a great extent more for products which are produced/sourced domestically?"

Source: Global Consumer Insights Survey Pulse 4

© RetailX 2022



Saudi Arabia's new city, The Line, will use 100% renewable energy and prioritise health and well-being over transportation and infrastructure

digikala

Company: Digikala

Headquartered: Iran

Founded: 2006

Online: digikala.com

Leading the field in Iran

Digikala is Iran's Amazon and as such it aims to keep up with developments in international ecommerce as well as catering for its local customers.

Digikala was founded in 2006 by two brothers unable to buy a correctly spec'd digital camera online. Initially selling consumer electronics, Digikala has expanded over the years to become a marketplace selling across a wide range of categories including music, shoes, books, household equipment and cosmetics. In all, 7.5m products are offered for sale on the marketplace by 200,000 sellers.



Digikala has transitioned from retailer to marketplace and beyond

The site receives more web traffic than any other marketplace in Iran, over three times more than the site in second place, according to SimilarWeb. With 76.5m visitors in August – 40m of whom were unique – **Digikala ranks eighth overall for web traffic to any type of website in the country.**

Digikala also operates a number of subsidiary sites which have become market leaders in their own categories. Fashion site Digistyle sells clothing for men, women and children as well as accessories and shoes. The site combines domestic brands as well as those known internationally such as Nike and Reebok. Its online grocery business offers more than 130,000 items for sale.

As with Amazon, Digikala Group has diversified into other areas of ecommerce services enabling other businesses to sell via its marketplace and utilise its ecosystem. **Businesses within Digikala Group encompass marketing and financial technology, content and logistics.** Its Danesh distribution centre is the largest in Iran. Overall, more than 9,000 people work for the company.

Consequently, Digikala Group's GMV has been growing significantly in recent years, according to one of its investors Pomegranate. "The compound annual growth rate (CAGR) for Digikala's net sales has been +100% over the last decade," the Swedish investment company says.



Company: H&M

Headquartered: Sweden

Founded: 1947

Online: www.hm.com/hw_il

H&M launches online in Israel

H&M launched online in Israel in September 2022, making the Middle East country the latest of its 58 markets. The fashion retailer has already built up business in the country via a network of 20 bricks-and-mortar stores. **The first H&M store in Israel opened in 2010.**

The new site offers H&M's range of contemporary fashion items for women, men, teenagers, and children, as well as products across accessories, maternity, sportswear, and other categories. H&M Home items are also being sold via the online store.

Delivery is free on orders over NIS199 (£50), with delivery made within seven business days.

The new ecommerce site is being operated by Match Retail, the franchise partner for H&M Group stores in Israel. "H&M is a significant player in Israel's fashion market," says Match Retail CEO Amihay Kilstein.

"Having waited for this moment for a long time, we are now excited to finally launch an online H&M store in Israel too. The new store complements the shopping experience of our physical stores, allowing our customers to have high quality, environmentally-conscious fashion at the best prices delivered to their door."

H&M has a network of stores and websites across the Middle East. Of its online presence in Bahrain, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia and United Arab Emirates, just four – Kuwait, Qatar, Saudi Arabia and UAE – are ecommerce sites. The retailer has four bricks-and-mortar stores in Bahrain, three in Jordan, two in Lebanon and four in Oman.



H&M's launch online in Israel comes more than a decade after its first stores

hepsiburada

Company: Hepsiburada

Headquartered: Turkey

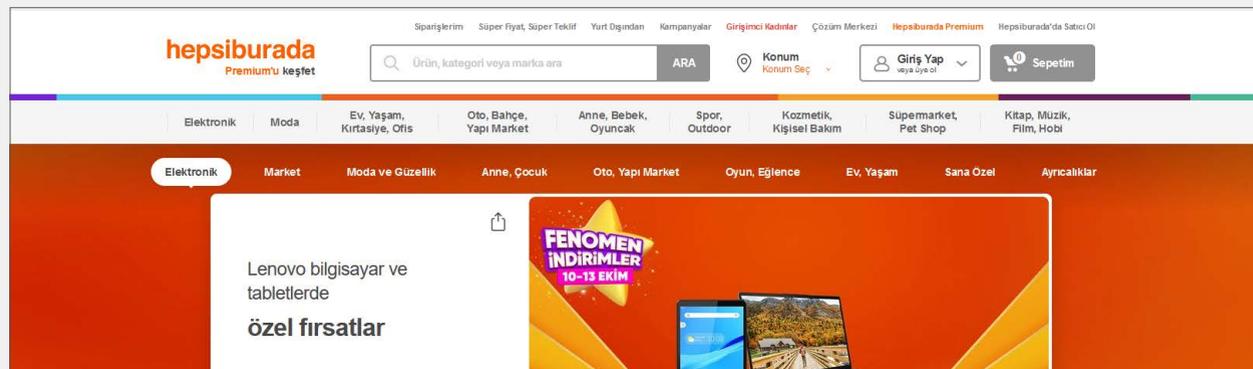
Founded: 2000

Online: www.hepsiburada.com

Hepsiburada expands domestic and international markets

Hepsiburada is a marketplace and retailer in its own right. It offers logistics and payments solutions for companies selling on its marketplace as well as offline. Following its US IPO in July 2021, the company has gone from strength-to-strength expanding in its domestic market as well as overseas.

The number of products on offer continues to grow as do the number of merchants using the platform to sell across borders. Its **HepsiGlobal app is expanding the reach of Turkey's merchants overseas**. As of the end of June 2022, **Hepsiburada had seamlessly connected customers with 89,700 active merchants**.



Hepsiburada continues to innovate expanding to new categories and services

57% of marketplace parcels are delivered by Hepsiburada's fulfilment service Hepsijet. Highlighting the growth of the service, 34% of orders were delivered via Hepsijet a year ago, and 53% in Q1 2022.

Hepsiburada maintains a solid, and growing customer base, and a leadership position in Turkey's ecommerce industry by virtue of its high net promoter score.

Active customers increased to 11.7m in Q2 2022, up from 9.9 million in Q2 2021. Customers are also ordering more frequently. Order frequency grew by 23% in Q2 2022.

In Turkey, the platform's offering has **expanded to groceries and household essentials which can be delivered to customers on the same day** that their order is placed online. **A monthly paid subscription service, Hepsiburada Premium, mirrors Amazon Prime** with benefits for customers including free delivery, cashback and free access to an online streaming service. Hepsiburada Premium members exceeded 200,000 by mid-September.

Murat Emirdag, the company's current CEO will step down in January 2023. He will be replaced by Nilhan Onal who joins from Amazon Europe.



Company: Landmark Group

Headquartered: UAE

Founded: 1973

Online: www.landmarkgroup.com

Landmark Group's scale gives it cross-brand insight

Landmark Group opened its first store, in Bahrain, in 1973. Since then, the company has expanded its retail and hospitality brands across the Middle East and into India, South East Asia and Africa.

Its core retail brands include Babyshop, multi-brand footwear store Shoemart, fashion retailer Splash, furniture and homewares retailers Home Centre and Lifestyle and electronics retailer Emax. It also operates the UAE's first food discounter Viva and pureplay fashion retailer Styli. In all, **43 brands operate under the umbrella of the Landmark Group**, retailing from more than 2,200 bricks-and-mortar stores in 24 countries.



Landmark Group's fully automated, mega DC is the largest in the GCC

Landmark Group brands also include a number of “category killers” positioned as value retail chains. Away from its own brands, **Landmark Group also operates franchise stores for international footwear brands** including Kurt Geiger, Ecco, Pablosky, Steve Madden, Aerosoles and Carpisa.

The Landmark Group's scale enables it to operate one of the largest loyalty schemes in the Middle East. With more than 20 million customers, the Shukran loyalty programme operates across the Group's brands in UAE, Saudi Arabia, Oman, Bahrain, Kuwait, Qatar, Egypt and Jordan. Customers can collect and spend

Shukran rewards (which mean ‘thank you’ in Arabic) when buying something in one of the bricks-and-mortar or online stores. The scheme's mobile app also stores digital receipts, discount coupons and notifies members of special promotions.

In 2019, Landmark Group opened the GCC's first fully automated distribution centre, giving it the ability to handle pallets, cartons, individual items and hanging garments interchangeably. The DC is also the largest in the region measuring 265,000 square metres.

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Conclusion

The Middle East is a region of diverse opportunities. Turkey's market offers growth potential through omnichannel and market disruption, while Iran, with a similar sized population, is a harder market to enter and in which to conduct business. Israel has potential for growth, higher-spending consumers but a smaller population.

We hope that you have found our research and analysis to be of interest and commercial value. We would be very pleased to hear from you with questions, suggestions or comments, and in particular we would like to hear about any areas you think we should include in the 2023 report.

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