



UNITED ARAB EMIRATES
MINISTRY OF ECONOMY

| ECOMMERCE SECTOR HEAT MAP

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❖ Ecommerce as an Industry

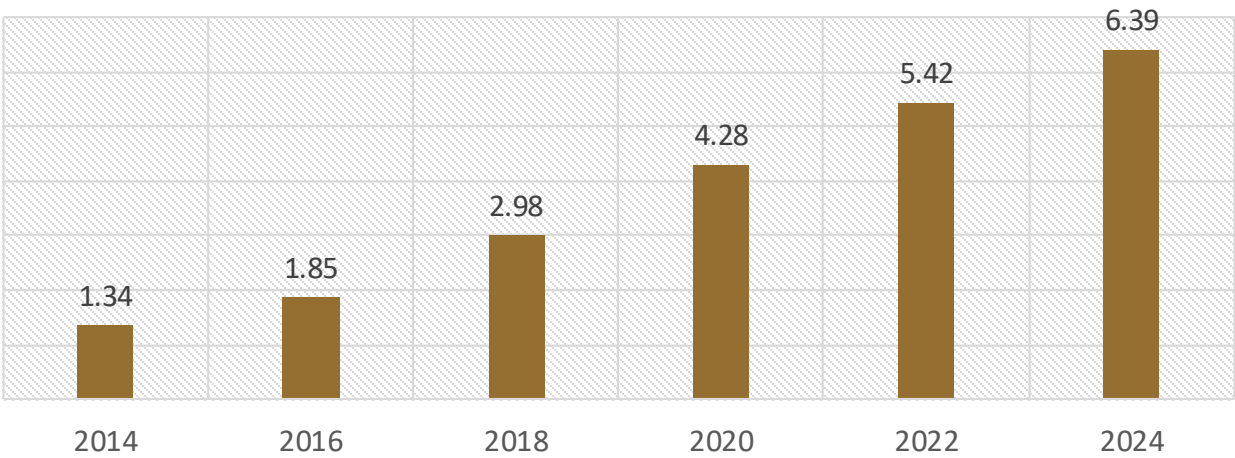
❖ Growth outlook for Ecommerce in UAE

❖ Ecosystem for Investment in Ecommerce in the UAE

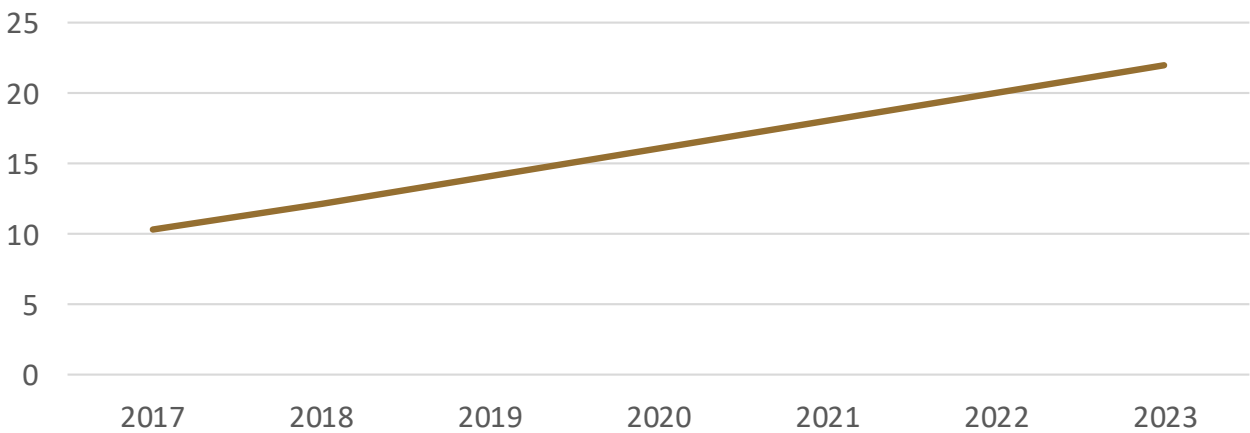
❖ Key government stakeholders and industry associations in the UAE Ecommerce Sector

GLOBAL ECOMMERCE LANDSCAPE

Global Ecommerce Sales (USD Trillions)








Ecommerce % of Total Retail Sales



In 2020,
2 BILLION people shopped **ONLINE**

Top Countries for Ecommerce Sales in 2019

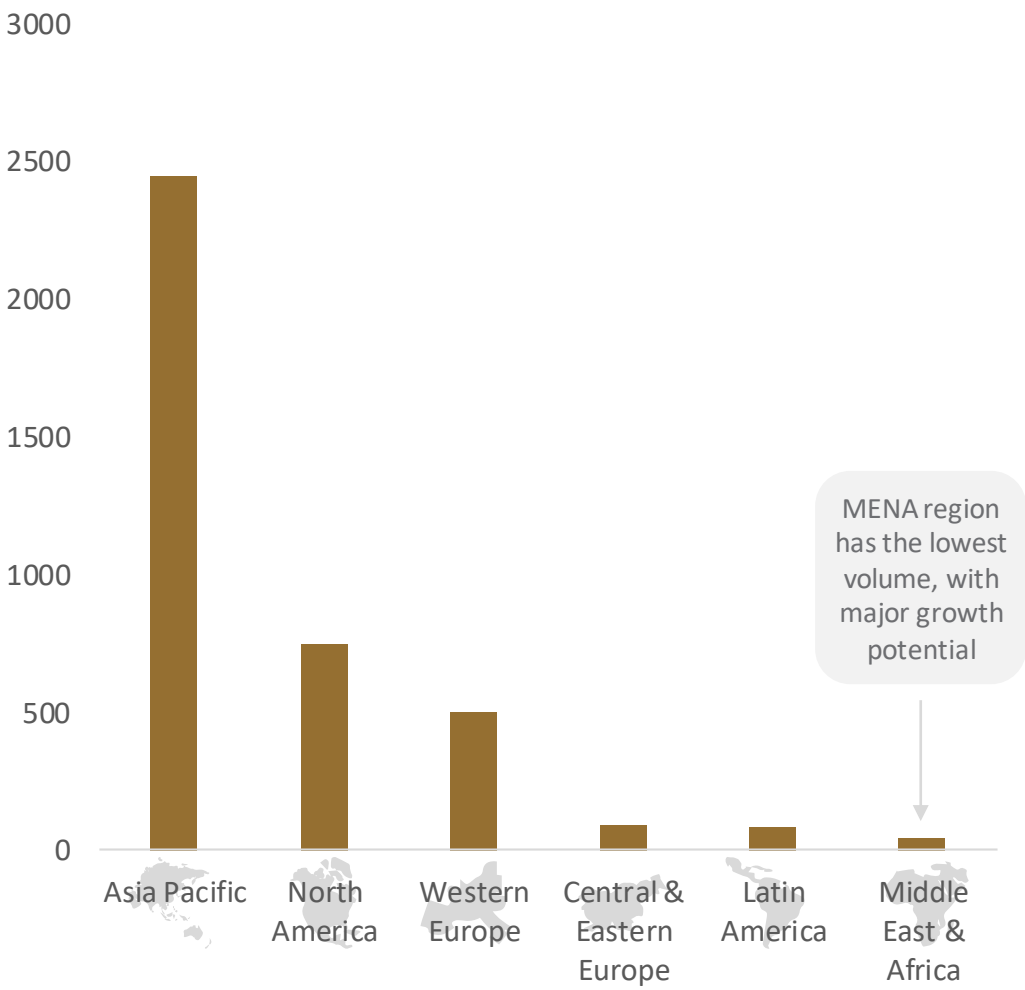
Country Name	Sales (USD Billions)	% Change (YoY)
 China	1,935	27.3
 United States	587	14
 UK	142	10.9
 Japan	115	4
 South Korea	103	18.1

GLOBAL ECOMMERCE LANDSCAPE

Top Reasons People Shop Online (2020)

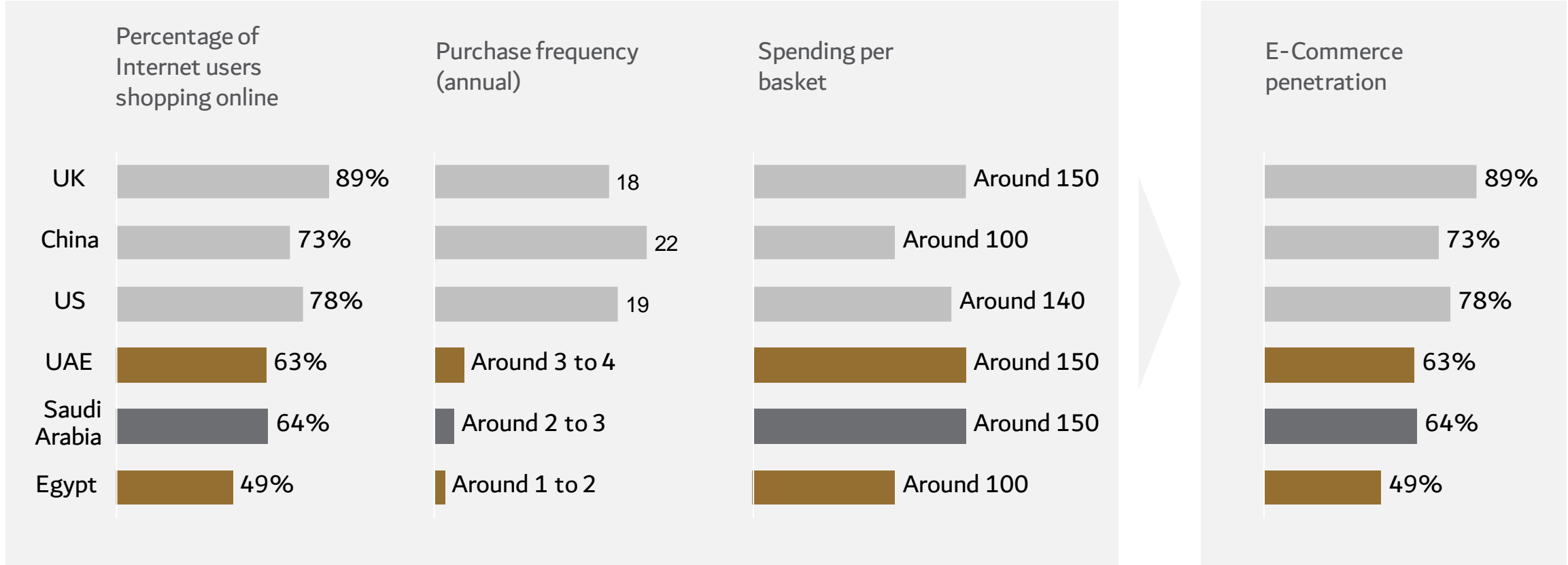


Ecommerce Sales by Region, 2020 (USD Billions)



THERE IS CONSIDERABLE GROWTH POTENTIAL FOR E-COMMERCE IN THE MENA REGION

Shoppers in the UAE, Saudi Arabia and Egypt spend as much per purchase as shoppers in the UK, U.S. and China, but purchase less frequently



Source: Bain

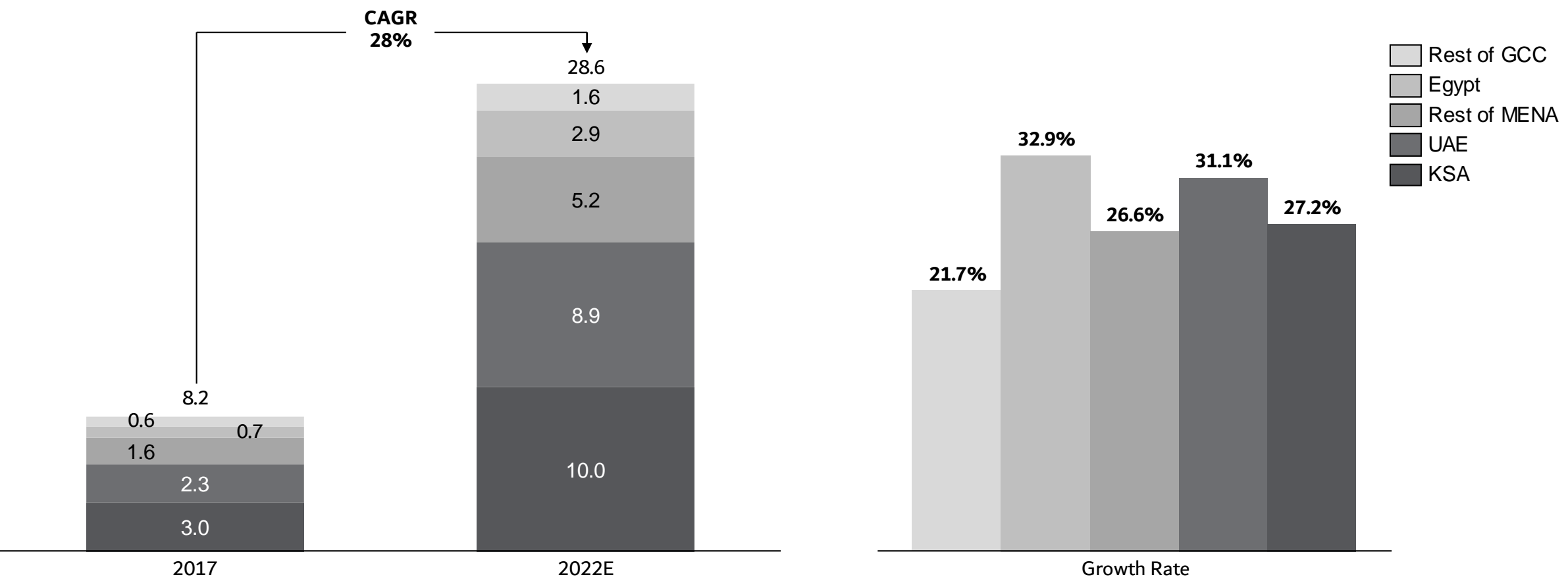
EVEN IN A LARGE AND FAST-GROWING MARKETS, THERE ARE EMERGING RETAIL BUSINESS OPPORTUNITIES



Source: Ebeltsoft

GCC RETAIL SECTOR: FAST GROWING MARKET, EXPECTED TO GROW FROM USD 8.3B IN 2017 TO USD28.5B IN 2022

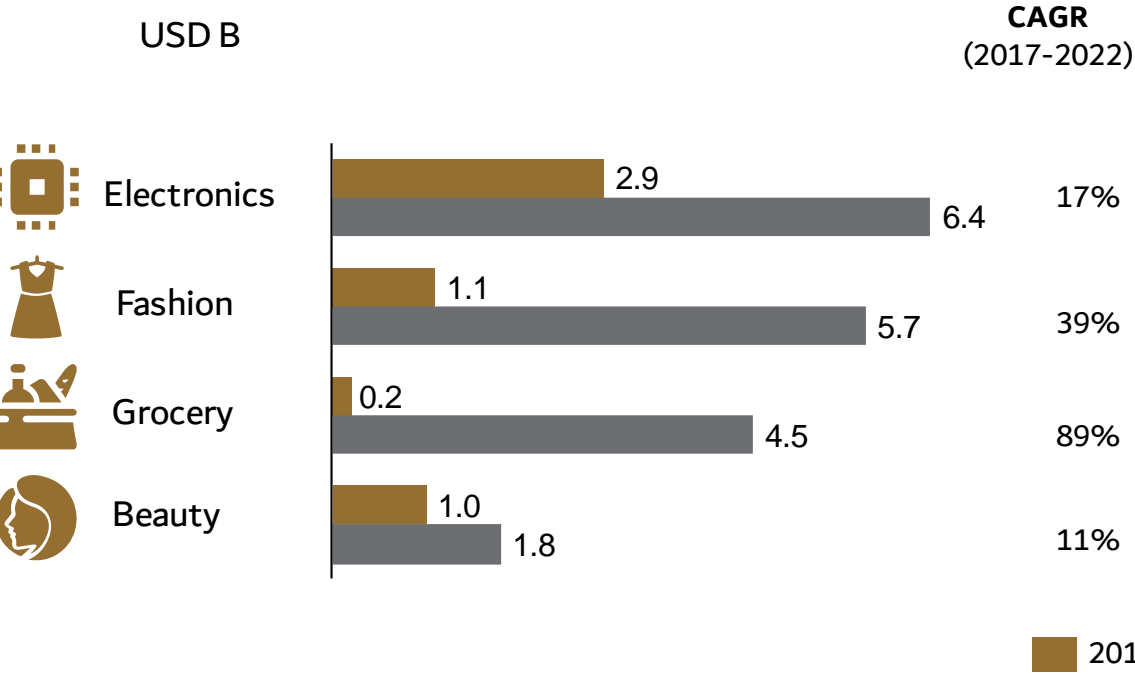
E-Commerce market size and growth in MENA (USD B)



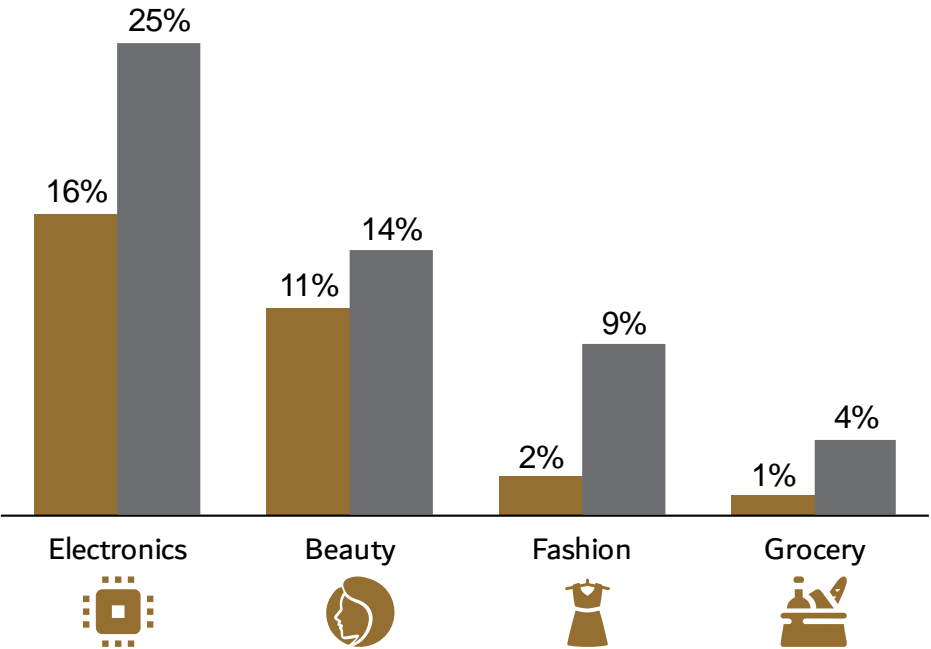
Source: GovInsights Research

WITHIN REGIONAL RETAIL AND E-COMMERCE, 4 SUB-SECTORS ARE PARTICULARLY POISED FOR GROWTH...

GCC and Egypt e-Commerce market by category



E-Commerce penetration in GCC and Egypt



Electronics, fashion and grocery are expected to have the highest growth, with electronics and beauty and personal care moving toward global benchmark penetration levels

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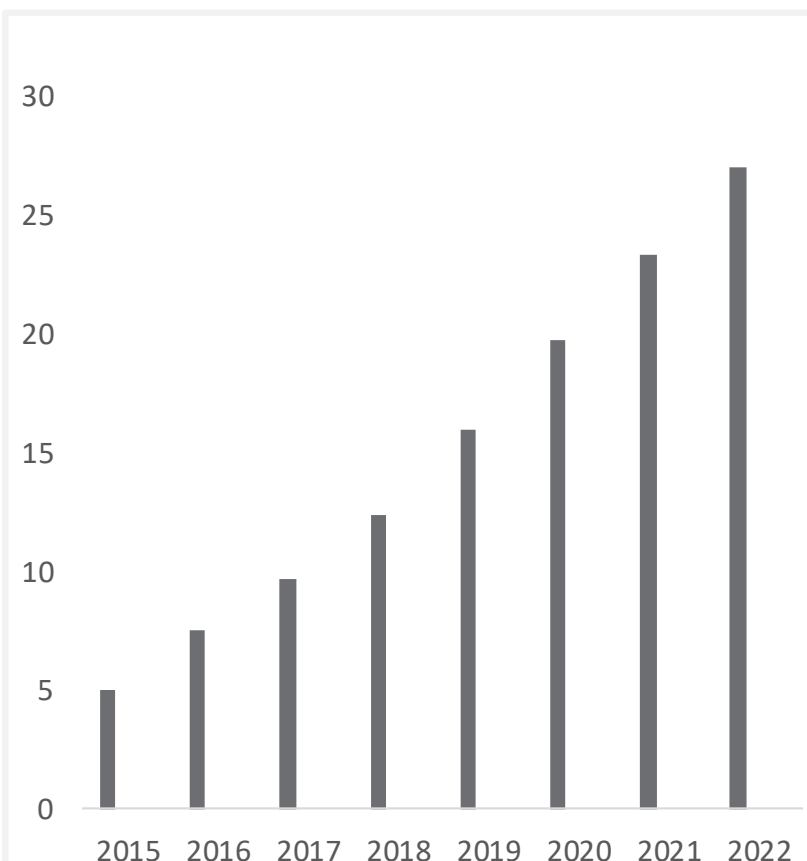
❖ Key government stakeholders and industry associations in the UAE Ecommerce Sector

UAE ECOMMERCE SECTOR GROWTH POTENTIAL

UAE Ecommerce by the numbers...

- 63% of UAE internet users shop online
- 49% of UAE consumers are shopping online more often since the COVID-19 outbreak began
- Average annual spend is USD 1,648
- Mobile is preferred platform over desktops/laptops or tablets for ecommerce purchases
- Average transaction is \$122, compared to \$76 in mature markets and \$22 in emerging markets
- 81% of UAE ecommerce customers say they are willing to pay more for good customer experience
- >35 new eCommerce channels have launched since early 2017

UAE Ecommerce Sales (USD Billions)




























Dubai Ecommerce Strategy

- In September 2019, the Dubai Executive Council approved the Dubai eCommerce strategy with the goal to solidify the emirate as a global hub for the sector
- The strategy aims to:
 - ❖ Cement Dubai as the top logistics hub for the region
 - ❖ Attract more FDI in the ecommerce sector
 - ❖ Increase market share of Dubai-based firms through reducing business costs of ecommerce activities such as cost of storage, customs fees, VAT, and transportation
 - ❖ reduce paperwork required for customs clearance and reduce fees imposed on goods passing through free zones

UAE ALSO PRESENTS AN IDEAL AND LEADING SET OF CIRCUMSTANCES FOR ECOMMERCE

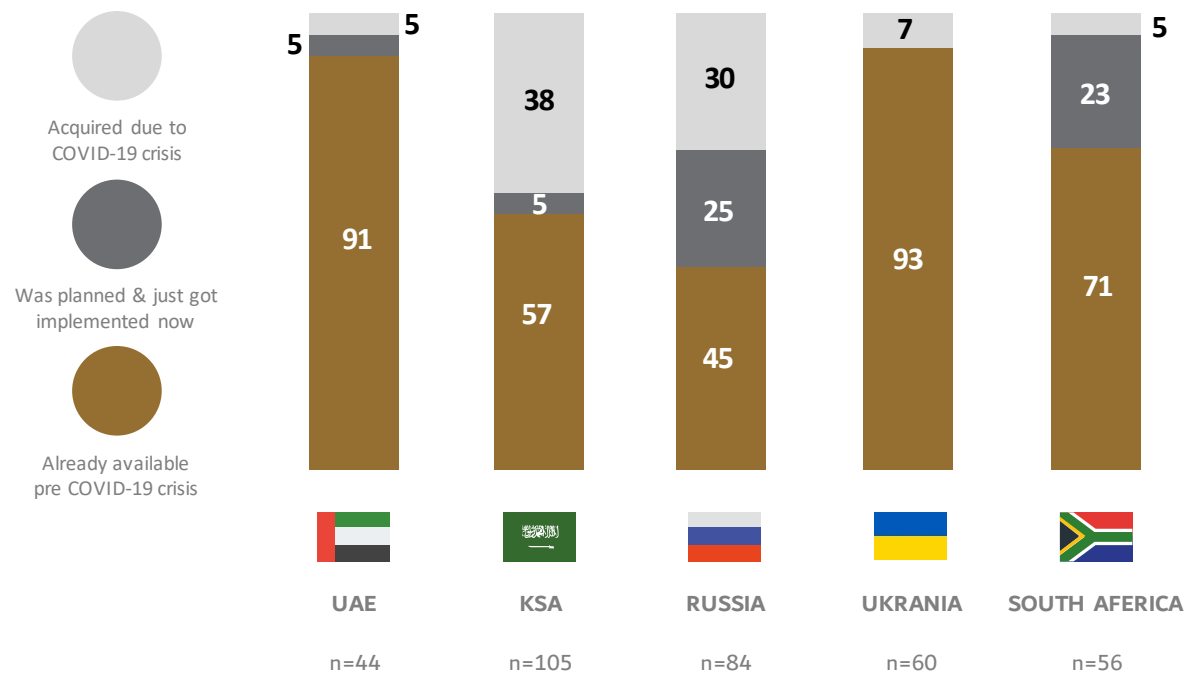
Internet, Smartphone and Social Media Benchmarks⁷.

		Internet penetration	Time spent online daily	Smartphone penetration	Social media penetration
	UAE	 91 %	 7 HOURS, 49 MINUTES	 66 %	 99 %
	Saudi Arabia	 73 %	 6 HOURS, 45 MINUTES	 62 %	 75 %
	Egypt	 43 %	 8 HOURS, 10 MINUTES	 28 %	 40 %
	US	 85 %	 6 HOURS, 30 MINUTES	 69 %	 71 %
	China	 59 %	 6 HOURS, 30 MINUTES	 49 %	 65 %

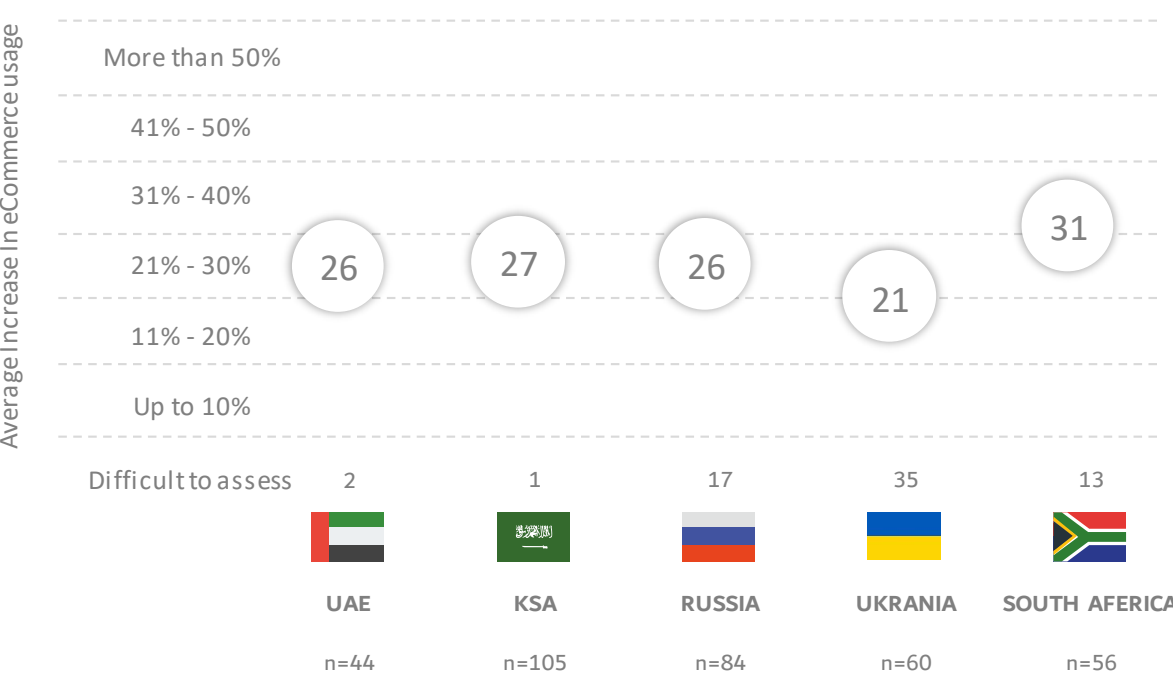
Source: Bain MENA eCommerce 2020

THE COVID-19 PANDEMIC HAS DRIVEN THE RISE OF ECOMMERCE, WITH MOST OF THIS GROWTH BECOMING THE ‘NEW NORM)

Acquisition of eCommerce presence during COVID-19 crisis All Figures are in %



Increase in online activity post COVID_19 crisis All Figures are in %









Source: Visa Study 2020 – UAE eCommerce Landscape

UAE ECOMMERCE SECTOR GROWTH POTENTIAL

The UAE is a leader in one of the fastest growing regions for ecommerce, but there is still healthy room to grow

UAE vs emerging and mature markets comparison of ecommerce penetration in different spend categories

	UAE vs Emerging Markets	UAE vs Mature Markets
 Government Services and Education	+30%	-3%
 Retail Goods	-2%	-25%
 Telecoms and Utilities	+16%	+25%
 Airlines	+4%	+21%
 Professional Services	+16%	-19%
 Quick Service Restaurants	+2%	-8%

UAE Ecommerce Strategic Outlook

- Malls remain a key part of the social and cultural fabric in the UAE, attracting both residents and tourists as they continue to deliver a strong value proposition. However, retailers are also increasingly evolving omni-channel offerings.
- **Much of this concentration of online spend in the UAE is down to the enthusiastic adoption of eCommerce payments by government.** Policy initiatives are promoting a cashless economy and digitization of transactions. It accounts for 34% of the total online spend in the UAE, compared to just 8% in mature markets.
- Limited access to a broad and deep selection of products has historically been one of the main challenges restricting eCommerce development in the UAE.
- **In 2017, Dubai launched CommerCity, the region's first Ecommerce free zone.**



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UAE ECOMMERCE ECOSYSTEM

Illustrative, non exhaustive

Companies	Incubators / Hubs	Events	Regulators	Investors
<p>Domestic</p> <p>SOUQ an amazon company</p> <p>إنستاشوب InstaShop</p> <p>mumzworld</p> <p>نون noon</p> <p>International</p> <p>Jollychic</p> <p>GROUPON</p>	<p>DUBAI دبي كوميرس سيتي COMMERCCITY</p> <p>EZDUBAI E-COMMERCE ZONE</p> <p>مؤسسة محمد بن راشد لتنمية المشاريع الصغيرة والمتوسطة DUBAI SME</p> <p>Jafza المنطقة الحرة لجبل علي Jebel Ali Free Zone</p>	<p>THE RETAIL SUMMIT</p> <p>VISA MENA eCommerce Summit</p> <p>seamless PAYMENTS • E-COMMERCE • RETAIL</p> <p>8th MIDDLE EAST Retail FORUM</p>	<p>TRA هيئة تنظيم الاتصالات TELECOMMUNICATIONS REGULATORY AUTHORITY</p> <p>GOVERNMENT OF DUBAI DEPARTMENT OF ECONOMIC DEVELOPMENT</p> <p>دائرة التنمية الاقتصادية DEPARTMENT OF ECONOMIC DEVELOPMENT</p> <p>GOVERNMENT OF SHARJAH Economic Development Department</p>	<p>wamda capital</p> <p>SHOROOQ PARTNERS EQ²</p> <p>MEVP</p> <p>500</p>

CASE STUDY: SOUQ.COM, A MAJOR E-COMMERCE PLAYER WAS SOLD TO AMAZON IN 2017, WITH A USD 580M VALUATION



Overview

- Ecommerce platform giving SME's easy access to millions of customers, and also giving sellers the option for orders to be fulfilled by Souq
- The option of **Cash on Delivery** protects customers from the possibility of fraudulent transactions due to financial security concerns in the region
- Business Revenue model:** charges a commission on sales from the merchant, in addition to fees if orders are fulfilled by Souq, it also charges for advertisement

Traction to date / news

- An estimated monthly average of **39M** visits in 2017
- Acquired by Amazon in 2017 for **USD 580M**, became **Amazon.ae** and **Amazon.sa**, while retaining **souq.com** in Egypt
- Amazon.ae reached **26%** of UAE internet users in 2018
- In 2018, Amazon's international segment saw sales growth of over **21%**, citing the middle east as a major growth region

2020 Outlook

The ecommerce market in the middle east is poised to grow rapidly at a CAGR of about 25%, and Amazon has established itself as a dominant player in the middle east

Markets	Egypt, UAE, KSA, Kuwait, Bahrain, Oman, Qatar (2017)
Year founded	2005
Business model	Logistical fulfillment, e-commerce market-place
Employees	2,500 (2017)
Amazon Acquisition Price	USD 580M (2017)
Number of products	500,000 (2017)



CASE STUDY: UAE'S INSTASHOP SOLD TO DELIVERY HERO FOR USD 360M IN 2020

Overview

- Mobile-based application that **allows users to order groceries online** that aims to fulfill orders within one hour
- Business model: **service fee from user a percentage commission from the seller**
- Initial investors included: SOUQ.com and VentureFriends, acquired by Delivery Hero for USD 360M in August 2020

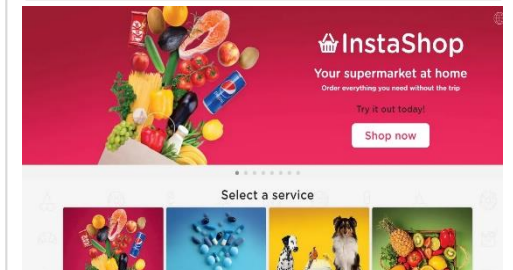
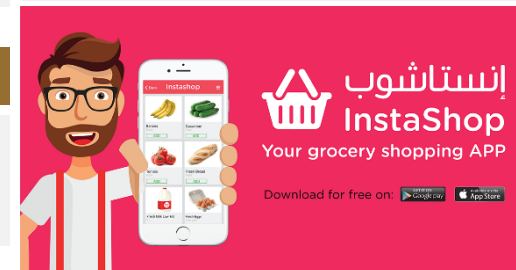
Traction to date / news

- Gained 60,000 users in the first year of launching in the UAE; retention rate of 75%
- From 2016 to 2018, the app was nominated one of the region's most promising start-ups to watch by Forbes Middle East
- **In less than four years, InstaShop has expanded from the UAE to Qatar, Egypt, Lebanon and Bahrain**
- Launched pharmacy, butchery and pet care delivery services in 2019

2020 Outlook

Focused on **adding new verticals** such as: ethnic foods, large water bottles, birthday cakes and stationary; piloting flower delivery in certain areas of Dubai, as well as specialised fresh produce delivery

Markets	Bahrain, Egypt, Greece, Lebanon, UAE
Year founded	2015
Business model	Dual-side fee-based delivery service
Employees	150
Gross Merchandise Value (GMV)	USD 300M (2020, Q2 annualized)
Number of products	500,000



Source: GovInsights Research

KEY UAE ECOMMERCE HUBS & INCUBATORS

Illustrative, non exhaustive



Dubai CommerCity

- In 2017, Dubai launched CommerCity, the region's first Ecommerce free zone.
- Facilities include:
 - ✓ Business cluster (12 office buildings spanning 240,000 sq meters)
 - ✓ Logistics cluster (warehousing services priced pay-as-you-go)
 - ✓ Social cluster (exhibition and leisure spaces)
- Services include:
 - ✓ Fulfillment, warehousing, and last mile delivery
 - ✓ Tech platforms and services
 - ✓ Strategy consulting
 - ✓ Customs consulting

EZDubai

- Ecommerce free zone launched in January 2019 in the heart of Dubai South's Logistics District (only 20% operational as of 2020), next to DWC airport and Jebel Ali port
- Will eventually span 920,000 square meters in size
- Has streamlined licensing processes through its own one-stop authority to help ecommerce businesses launch quickly
- Provides the first dual-licensed and hybrid-bonded facilities that host and support global and regional ecommerce
- The master plan includes e-fulfilment centers, infrastructure for repair and return centers, supply centers, and business blocks

Dubai SME

- Dubai SME (the agency of Dubai Economy mandated to develop the small and medium enterprise (SME) sector) has 10 certified business incubators to for companies working in ecommerce
- For example, in March 2021, Dubai SME launched the Tjaarz Business Incubation Centre in Business Bay, an integrated platform for young citizens and entrepreneurs with ambitious ideas in ecommerce (as well as other sectors).
- The incubators provide a package of specialized services in business development, in addition to workspaces on a membership basis for professionals in various creative business fields.

JAFZA

- Flagship free zone of DP World, with a deep and mature ecosystem for ecommerce businesses of all sizes
- Hosts more than The more than 900 companies from 91 countries in the retail and general trading sector – employing over 10,000 people and using over 2 million sq. meters in facilities

KEY UAE ECOMMERCE EVENTS

Illustrative, non exhaustive

THE RETAIL SUMMIT

- An annual, global, content-led event for c-level executives from across retail to come together to learn, connect and debate.
- Brings together 1000+ of the brightest minds of the global retail community, and is the premier platform to shape the future of retail.



- An annual events where industry experts share their predictions for future ecommerce trends in the MENA region and its fundamental role in business recovery and future growth of national economies
- Include a series of panel discussions, presentations and Q&A sessions.
- Brings together Visa partners from the issuing, acquiring and merchant community across the GCC, North Africa, Levant and Pakistan to explore opportunities to further drive commerce in the online environment.



- An annual 2-day conference covering the latest trends, market disruptors and technologies shaping the payments, fintech, retail and e-commerce world.
- Boasts over 10,000 attendees, 300 speakers, and 350 exhibitors, including banks, exchange houses, insurance, telcos, merchants, enterprise, government, fintech's and tech startups

KEY UAE ECOMMERCE INVESTORS

Illustrative, non exhaustive



500 Startups

- Venture capital firm on a mission to discover and back the world's most talented entrepreneurs, help them create successful companies at scale.
- From 2015 - 2020, they invested in 12 deals for ecommerce startups based in the UAE, including plantshop.ae, BulkWhiz, Feesheh, and joi



Wamda Capital

- Sector-agnostic investor, focused on partnering with high growth technology or technology-enabled startups
- Wamda has invested in 11 UAE ecommerce deals over the past 5 years, including Mumzworld, The Luxury Closet, and OfficeRock.com



EQ2 Ventures

- Dubai-based evergreen investment company that invests in Seed to Series B-stage startup companies
- They have invested in 7 ecommerce deals from 2015 – 2020, including CarSwitch and eyewa



Shorooq Partners

- Seed-stage venture capital fund based in Abu Dhabi. We invest in entrepreneurs in the Middle East, North Africa and Turkey.
- Has invested in 6 UAE-based ecommerce deals over the past 5 years, including Yawmi and RentSher Middle East



Middle East Venture Partners

- Currently manages regional technology-focused venture capital funds with more than \$260M in assets under management.
- Has closed 5 deals with UAE ecommerce companies, including The Luxury Closet and Melltoo

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RELEVANT UAE REGULATORS FOR ECOMMERCE



All eTrade licenses in the UAE require the approval of Telecommunications Regulatory Authority, which is in charge of regulating ecommerce frameworks and transactions in the UAE.

Mainland

Free Zones



The eTrader licence allows UAE nationals and GCC nationals residing in Dubai to practice business activities through various social media networks.



- Ecommerce license allows entrepreneurs to add their online trade activities to their existing licenses, or obtain a new license to conduct business through websites and social media networks.
- License package is open to all GCC nationals and UAE residents



GOVERNMENT OF SHARJAH
Economic Development Department

- Grants Eitimid licenses for home-based businesses and electronic business which run through social networks.
- The license is restricted to UAE nationals residing in the emirate of Sharjah.



- Virtual Trader initiative manages businesses through social media channels, websites and applications for smart devices.
- The license is available only for UAE citizens residing in RAK.



Illustrative, non
exhaustive