

Rise of eCommerce in the Gulf market – are you in?

Dubai, United Arab Emirates – Online shopping, often referred to as eCommerce, is gradually transforming the entire retail industry – enabling buyers to explore, buy and sell products online from any connected device, including computers, smartphones, tablets, and e-book readers.



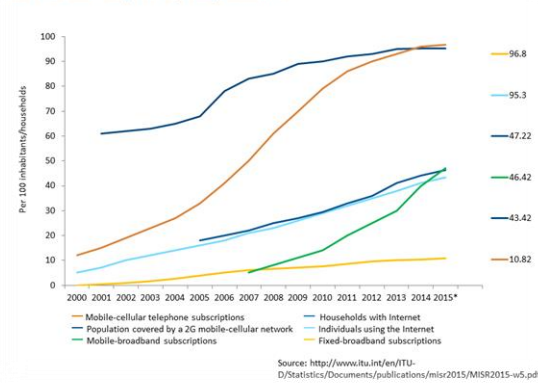
The rise of eCommerce is the ultimate outcome of the digital transformation of the global economy, driven by technological megatrends such as expanding broadband penetration, cloud computing, the Internet of Things, mobility, connected devices, cybersecurity, and Big Data.

In 1995, only 1% of the world’s population was connected to the internet – today it is around half. According to [Statista.com](http://www.Statista.com), online purchase penetration in 2018 is expected to be close to 50% of all worldwide internet users, which comes to 25-30% of the total world population. To put it another way, in 18 months’ time, one in four human beings in the world will be buying products online.

However, there is no doubt that eCommerce faces the same challenge as all other technology-driven emerging business domains – the constant pressure to find enough skilled human capital to staff a workforce that will accelerate industry developments and leverage the full potential of the business growth.

In this white paper we will:

Chart 1.1: Global changes in major ICTs, 2000-2015*

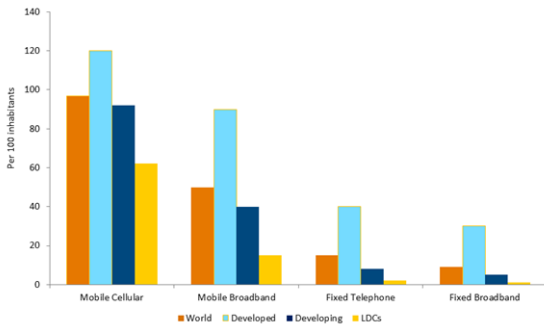


1. Profile the eCommerce industry in the Gulf region by benchmarking the current development phase and growth potential of local markets versus established western eCommerce markets, and
2. Share some regional practices of talent acquisition that we have executed on behalf of our multinational clients, which were either establishing or accelerating their eCommerce business in the Gulf countries.

Gulf countries are well positioned to experience the eCommerce expansion due to their high internet penetration (e.g. 92% of UAE and 65% of Saudi Arabia)

and the fast-growing number of tablets, smartphones, and computers, which will enable the Gulf population to ease organically into online shopping.

Chart 1.2: ICT access by development status, 2015*



Source: <http://www.itu.int/en/ITU-D/Statistics/Documents/publications/misr2015/MISR2015-w5.pdf>

According to the recent [GfK Connected Consumer Index](#) (78 countries and eight world regions ranked by online connectivity) UAE is in the Top 3 globally, an increase from eighth place in 2015.

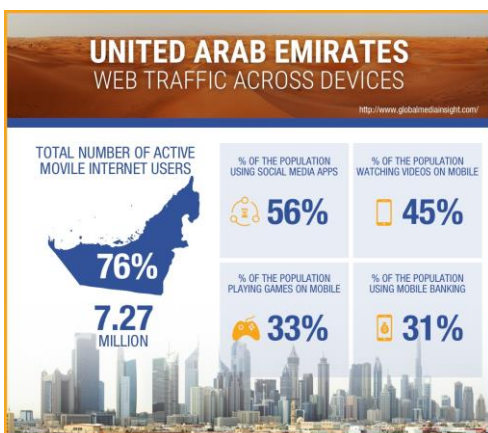
Despite the well-established ICT infrastructure and high degree of connectivity, eCommerce in the Gulf is still in its infancy compared to established online business hubs such as the USA, UK, Germany, and France where all major global online retailers have a direct presence and decades of operational history, fine-tuning their business approach and providing sophisticated customer experiences.

None of the big global players (such as Amazon.com and eBay.com) are directly present in the Gulf countries but the [most popular online shopping sites](#) include Souq.com, Aido.com, Letstango.com and Jadopado.com.

We predict that online business in the Gulf region will expand at an incredible rate, outperforming mature markets due to demographics and rapid ICT advancements. However, time and talent will be needed to boost industry performance standards and provide a seamless customer experience.

We also predict that the market potential in the Gulf countries, as well as upcoming mergers and acquisitions will attract a growing number of online business players. As with other industries, a growing number of western consultants and business leaders will be seconded to the Gulf states to accelerate the growth of the eCommerce industry, increase overall performance and customer engagement and service standards.

In terms of industry sustainability and human capital involvement, the talent gap in Gulf countries will be much bigger than the average across the eCommerce industry (for all functionalities and seniority levels). In its current phase of development, the Gulf eCommerce industry is not catering for the regional talent pool, so the region will be competing for the same western world talent pool as other fast-growing eCommerce regions with the same talent shortage issues.



International companies looking to increase their online business footprint and build a world-class eCommerce engine in the Gulf region will be forced to bring in seasoned online business leaders from established eCommerce hubs. These leaders will have the additional responsibility of building teams and coaching the local talent, ensuring long-term business sustainability and the proper transfer of knowledge. The ultimate challenge will be to close the regional knowledge gap (in terms of integrity and culture) and avoid cannibalising well-established retail operations. Close cooperation and alignment with existing leadership teams, especially the marketing and retail departments, are critical success factors for a successful approach.

Does your company do business online?

If not yet, perhaps it's something to consider given the growth of the eCommerce industry and the estimated number of digital buyers?

Sources:

<http://www.internetlivestats.com/internet-users/>

<http://www.smartinsights.com/e-commerce/e-commerce-strategy/e-commerce-trends-watch-2016-infographic/>

<http://blog.smartbear.com/performance-monitoring/trends-e-commerce-industry/>

<http://www.go-gulf.com/blog/online-shopping-trends-middle-east/>

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