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E-commerce & Consumer Trend Report

The UAE



October 2022





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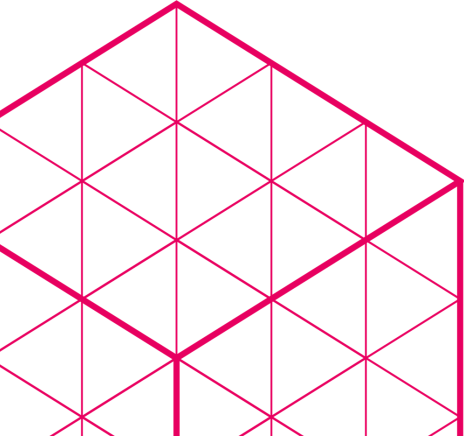
At E-Promo Group we consider data driven approach to be the main factor for growth acceleration. As more start-ups, medium businesses and corporations expand into MENA region and specifically into the UAE with their growing digital audience, **we see a need for comprehensive data driven reports that allow for better understanding of user behavior.**

We start this report with a quick overview of the state of digital marketing in MENA to provide a broader context for the data on the UAE, since most of the population of MENA share cultural background and have similar media consumption habits.

The rest of the report focuses on digital marketing, e-commerce and media consumption trends that are specific to the UAE.

We hope that data findings along with comments by our experts will help business owners, CMOs, marketers and media buyers navigate the digital marketing landscape when expanding to the UAE.

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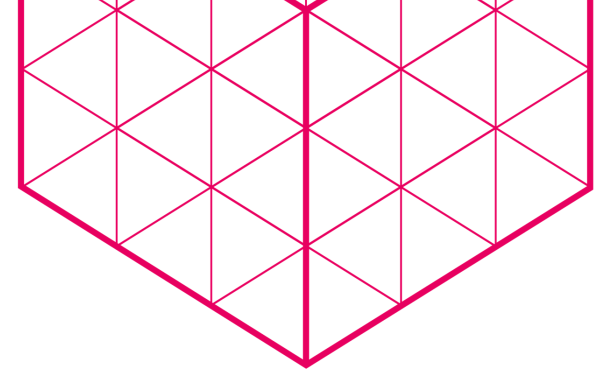
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The State of Digital Marketing in MENA



1. The State of Digital Marketing in MENA



1.1 What is MENA?

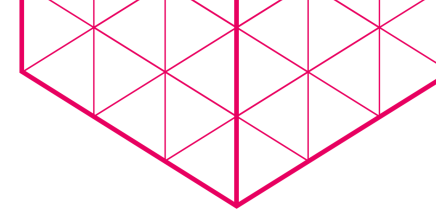
Data from 17 markets in MENA

- Algeria
- Bahrain
- Egypt
- Iraq
- Jordan
- Kuwait
- Lebanon
- Libya
- Morocco
- Oman
- Palestine
- Qatar
- Saudi Arabia
- Syria
- Tunisia
- United Arab Emirates
- Yemen



\$4.58bn MENA Digital
Ad spend 2021

1. The State of Digital Marketing in MENA



1.2 Digital Advertising. Main Numbers



183 million
Internet population



\$4.58 billion
2021 digital advertising spend in MENA



+25.9%
YoY digital advertising spend growth



78%
of shoppers in MENA region use social media as inspiration for purchases



75%
of digital advertising spend goes to Facebook and Google



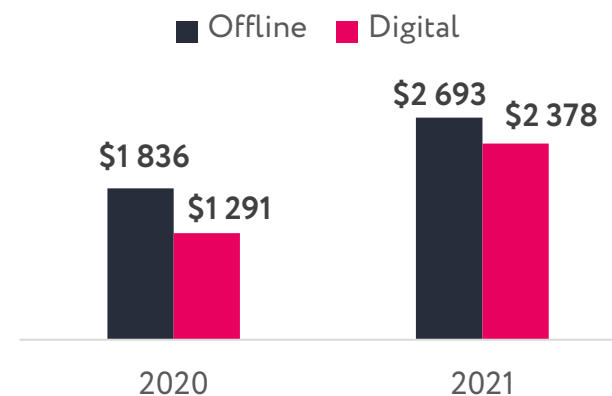
59%
of advertising agencies claim a strong shift towards performance marketing

The digital advertising market in MENA countries experiences growth again after the pandemic. Across all available digital channels there is a great shift towards social media – a fact to consider when developing a digital strategy.

96% of consumers in Saudi Arabia and 82% in Egypt prefer Arabic language, while 60% of consumers in the UAE post in English.

1.3 Advertising Spend Trends. MENA

Advertising spend in MENA countries, \$ mln according to IPSOS



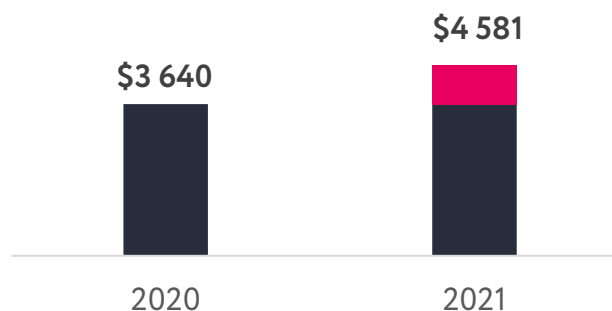
+84%

digital advertising spend growth

+47%

offline advertising spend growth

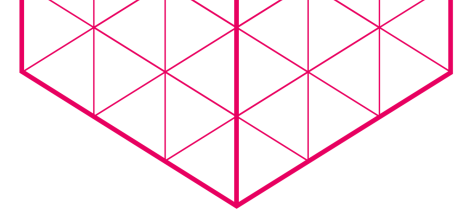
MENA digital ad spend (\$mln) according to IAB



+25.9%

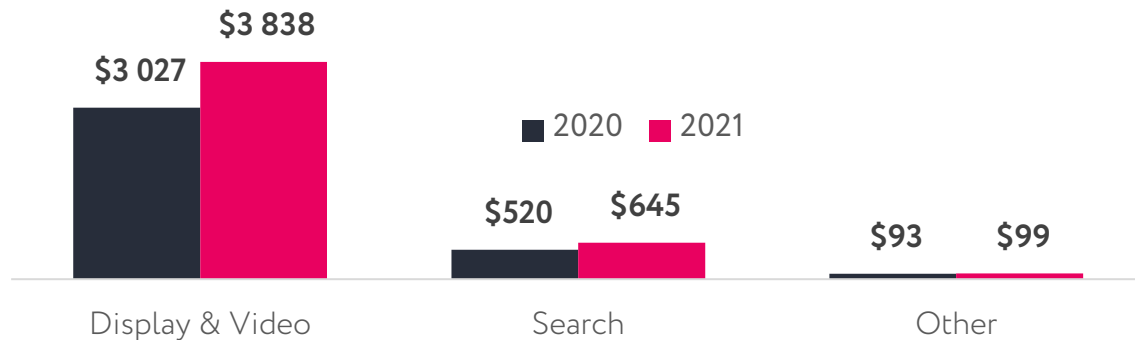
MENA digital ad market grew by 25.9%, adding nearly \$1 bl in spend

1. The State of Digital Marketing in MENA

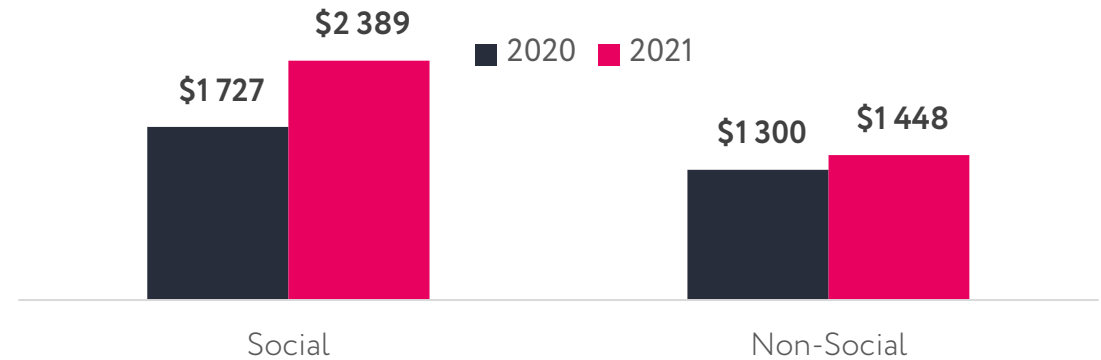


1.3 Ad Spend by Formats and Channels

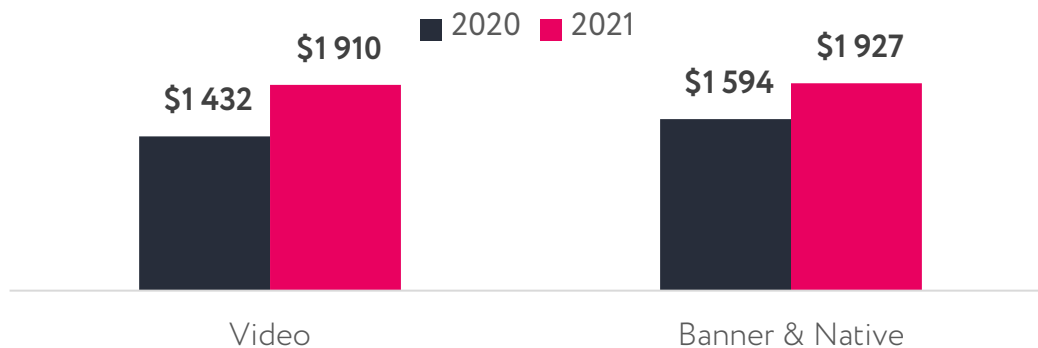
MENA digital ad spend by format (\$mln)



Composition of display market (\$mln)

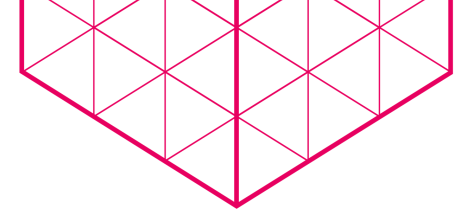


MENA video breakout digital display ad (\$mln)



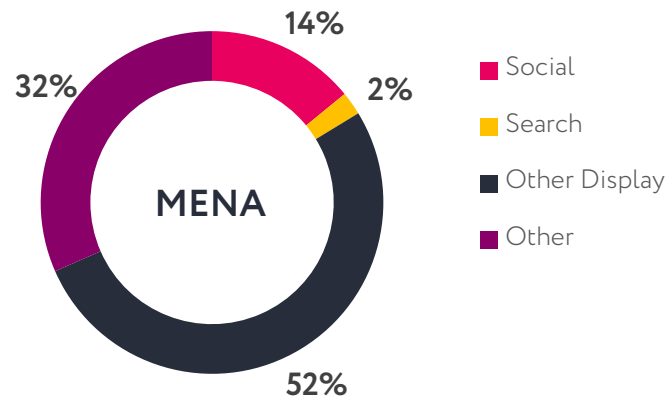
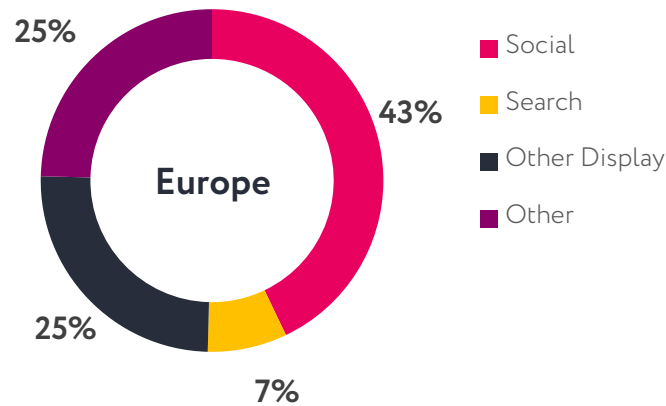
Main drivers of the digital market are display & video advertising. Video outperformed other advertising formats in terms of annual growth. Moreover, social media ads grew 3x more than other display formats. The stats highlight an ongoing trend of investing more into video creatives and social media strategy. The combination of video ads & social media proves to be an effective way to grow your brand across MENA.

1. The State of Digital Marketing in MENA



1.3 Ad Spend Structure Comparison

Digital ad spend by format (\$ mln)

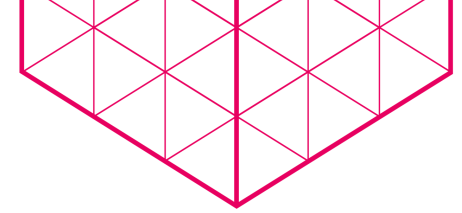


Video share of overall display 2021



In comparison with the European digital market, MENA still has room to grow with social media. As more brands in MENA adopt a more advanced approach to digital marketing and combine brandformance and performance marketing tools, we predict Paid Search and Paid Social channels to grow more. However, right now there is a noticeable shift towards display ads in MENA, especially video advertising across various local and international display networks.

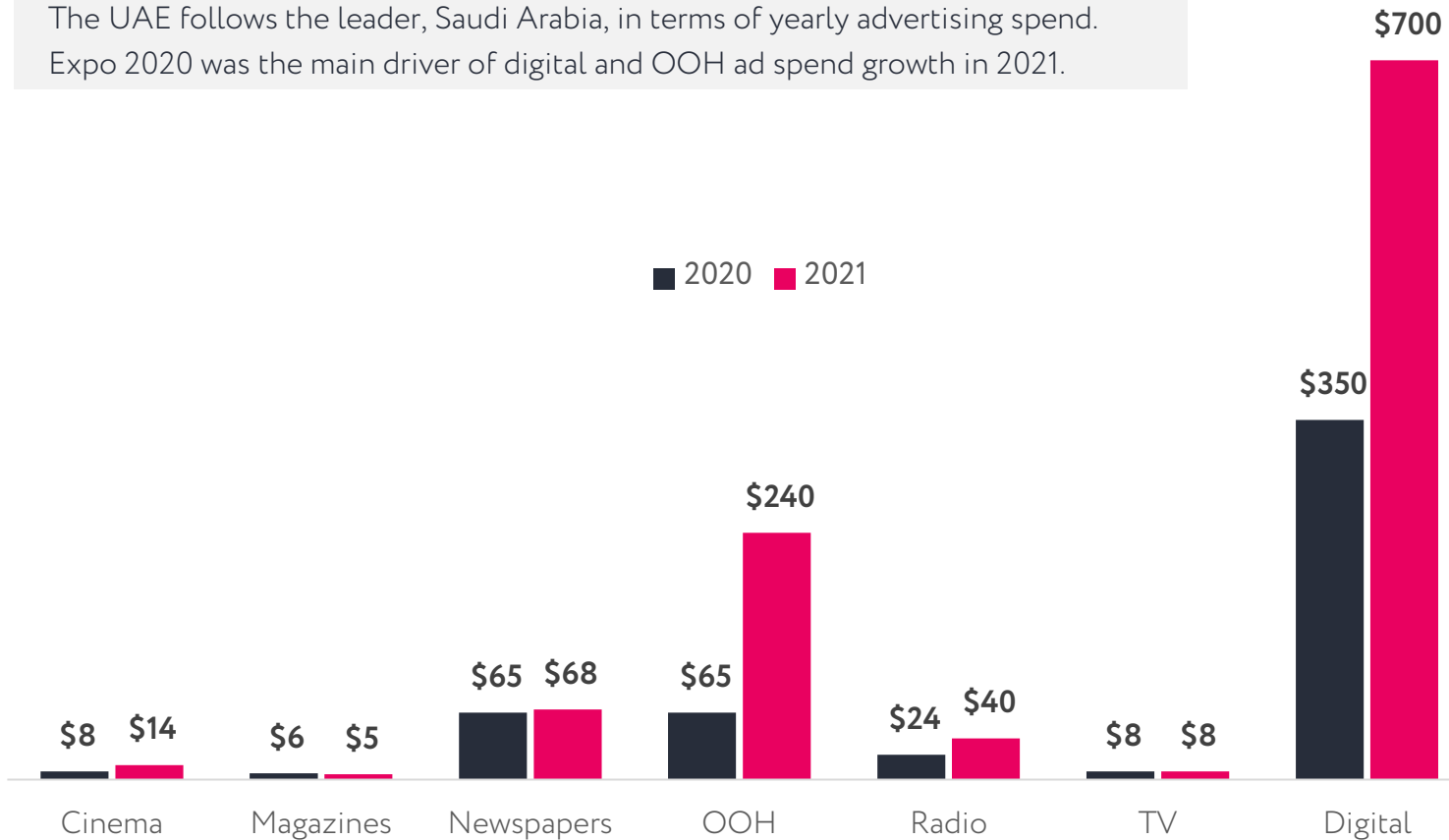
1. The State of Digital Marketing in MENA



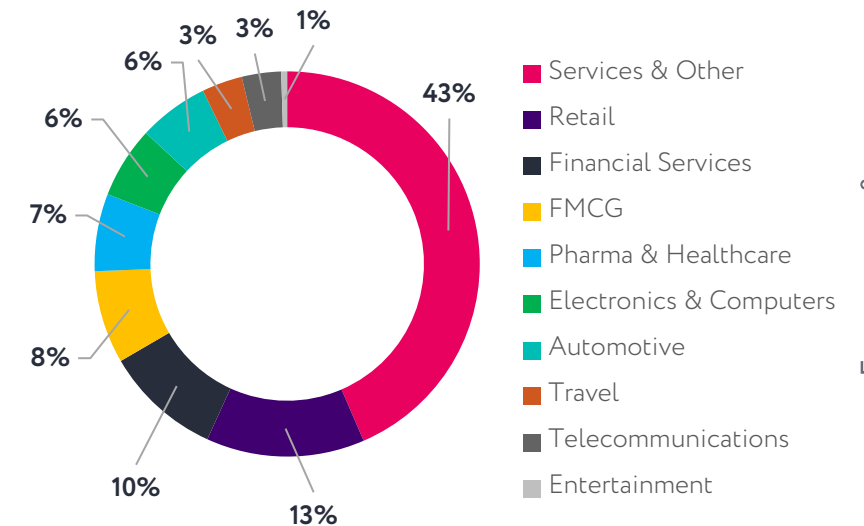
1.4 Advertising Spend Trends. The UAE

Advertising spend dynamic, the UAE, \$ mln

The UAE follows the leader, Saudi Arabia, in terms of yearly advertising spend. Expo 2020 was the main driver of digital and OOH ad spend growth in 2021.



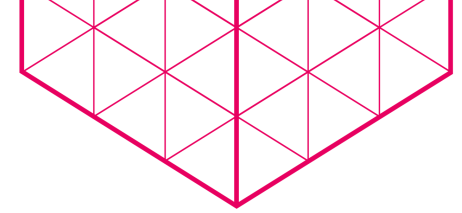
Ad spend share by industry, %



With e-commerce segment rapidly growing in the UAE, we expect Retail, FMCG and Electronics and Computers categories to grow in the upcoming years.

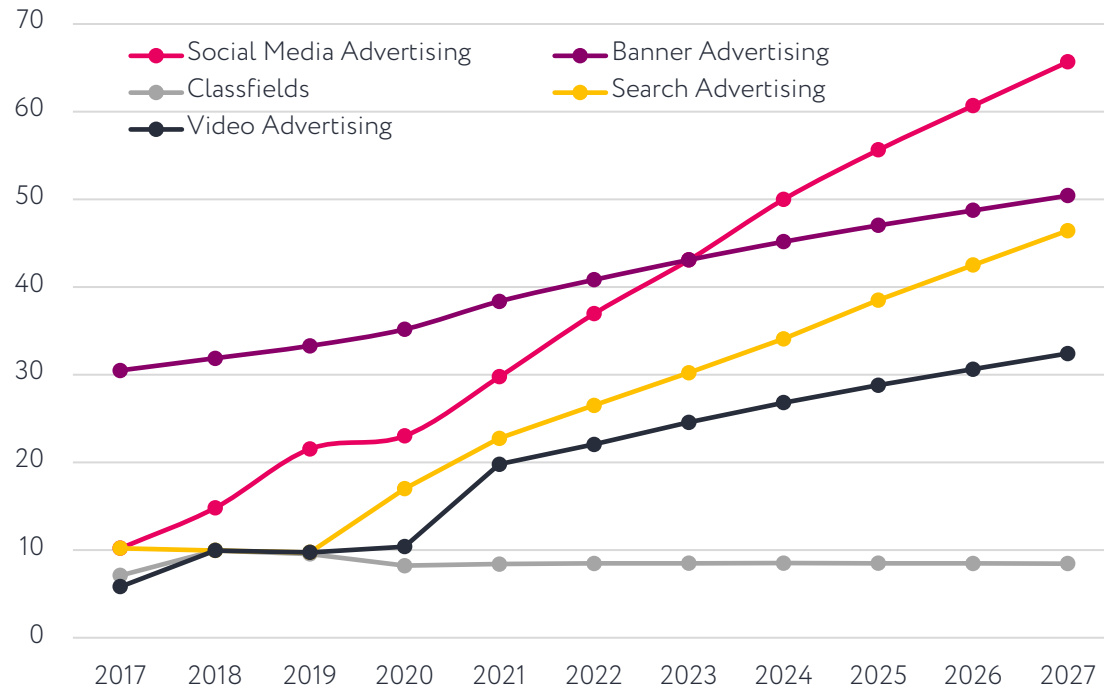
With traveling back on people's radars, Travel and Entertainment industries are going to see a surge in ad budgets too.

1. The State of Digital Marketing in MENA



1.4 Advertising Spend Trends. The UAE

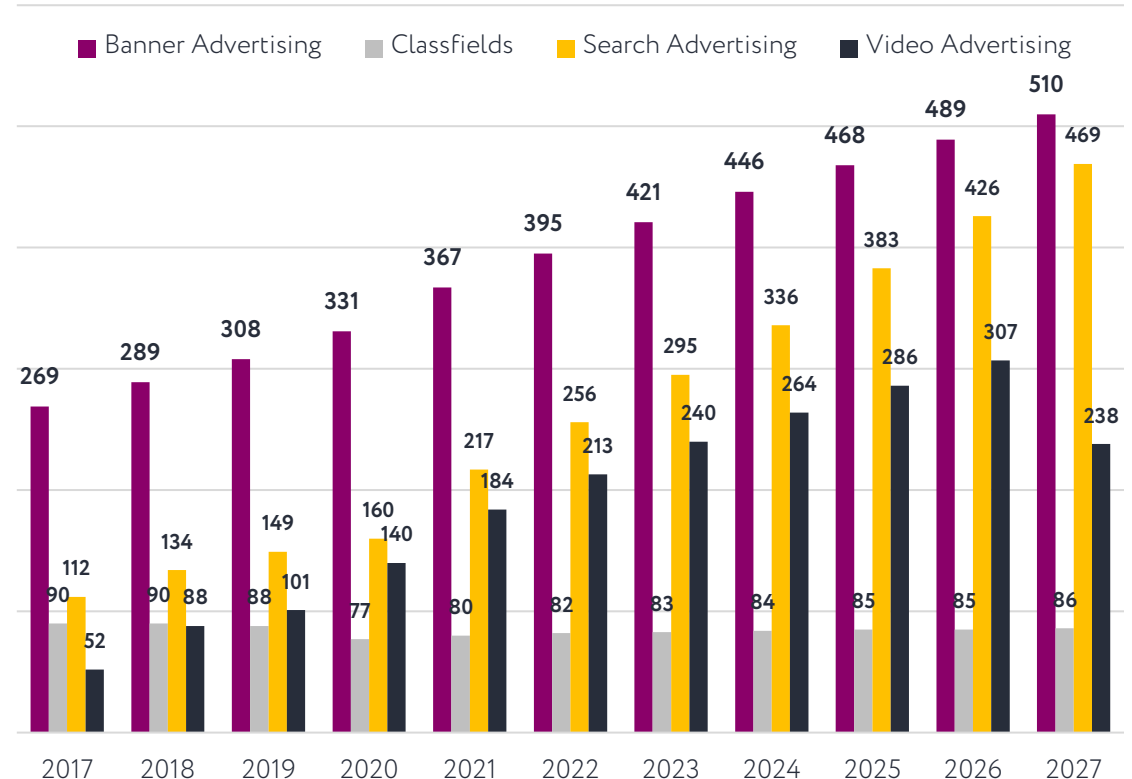
Average ad spending per internet user by segment, \$



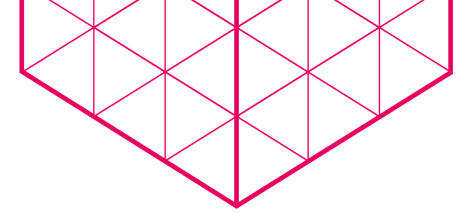
Social media spend per user is on an all time high, which isn't a surprise.
Good advertising strategy includes platforms that are of highest relevance to the user.

1.5 Top Advertising Formats

Average ad spending by ad format type, \$ mln



1. The State of Digital Marketing in MENA

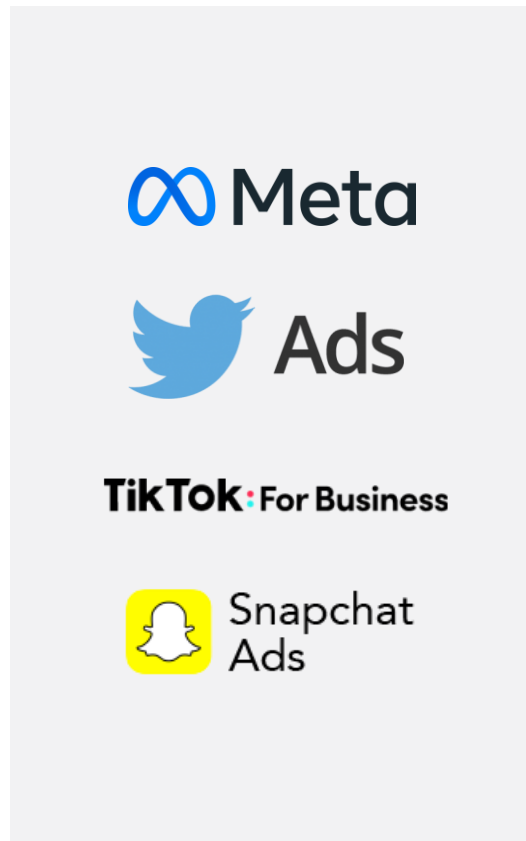


1.6 Top Advertising Platforms

Search Ads



Social Media



Ad Networks (Programmatic & Mobile)



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E-commerce Trends in the UAE



2. E-Commerce Trends in the UAE

2.1 The Aftermath of the Pandemic

#1 The COVID-19 pandemic has given an advantage to e-commerce in the country

The pandemic has also encouraged many micros, small and medium enterprises (MSMEs) to switch to digital platforms

#2 The e-commerce market of the UAE is driven by the rising need for online shopping among buyers

This has led e-commerce market vendors from across the globe to invest in the country. The segment of marketplaces seems especially promising in terms of growth and development

#2 By looking at the customer's behavior, retailers found that localization and language are significantly essential aspects to consider when entering the UAE e-commerce market

Many luxury brands have launched their site in Arabic to attract local buyers who have sidestepped e-shopping due to language issues

2.2 Market Snapshot

The United Arab Emirates E-commerce market is witnessing a rise in competitiveness among companies. The market consists of various major players, such as marketplaces Namshi, Noon, Amazon and others

E-commerce market forecast: CAGR 15.27%



2. E-Commerce Trends in the UAE

2.3 Competitive Landscape

Competition focuses primarily on grocery delivery. The niche of non-grocery delivery, especially express delivery is underdeveloped and is an open opportunity

February'21



Namshi, an online shopping store, has launched its online store in Qatar, U.A.E. market. The online store helps meeting the customer's demands by making it easier for them to buy from their home. Namshi is the first e-commerce market to launch its store in Qatar

April'21



LuLu, an Indian multinational conglomerate company, has announced the expansion of its business in the United Arab Emirates market. The expansion will provide LuLu to increase its footprint in the global market. The marketplace will also offer online delivery

September'21



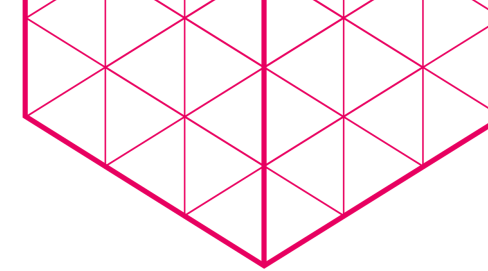
The East India Company announced the launch of its first store in the United Arab Emirates market in collaboration with local U.A.E. partner Binhendi Enterprises L.L.P. This store would provide Fine dining, including fine teas and coffees; savory biscuits and artisan sweets; an exquisite chocolate range; and flavourful jams and marmalades

December'21



Aanacart, a UAE-based online marketplace launched its online portal in UAE. The online store offers fish, vegetables, poultry, seafood, meat, steaks, fillets, grocery, ready-to-cook products, and other processed foods and fresh flowers

2. E-Commerce Trends in the UAE

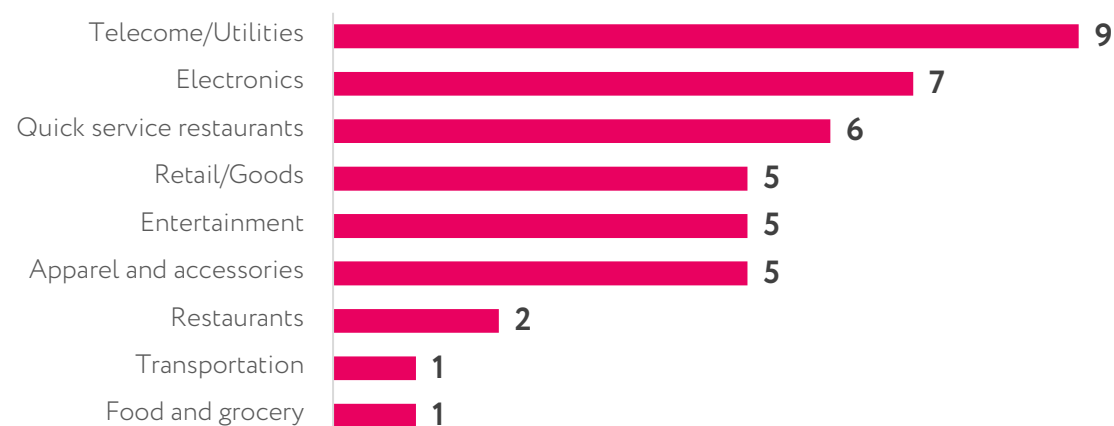


2.4 Opportunities and Key Trends

Fashion: a growing opportunity

Despite the pandemic, when many industries suffered a loss, the fashion industry in the UAE market recorded a boom due to a shift towards e-commerce shopping. Many factors, such as the increased use of social media platforms such as Facebook, Instagram, and others, have contributed to a major growth of online e-commerce platforms

Growth of e-commerce spending, in percentage, UAE, 2020



E-Commerce surge and use of sophisticated technologies

12.6%
of total
market sales

According to Dubai Chamber's economic research, a steady growth of e-commerce's share of the UAE retail sales is expected up until 2026

Click & Collect
locations

Last mile deliveries are expected to become even more efficient with companies focusing on new models such as "click and collect" locations. The use of latest technologies is expected to make inventory management more cost-efficient for the companies

Surge in B2C
shipments

Consumers turned to online shopping for clothes, groceries and other items which they would usually purchase from brick-and-mortar shops. **Consumer electronics** was the best-selling online product category last year making 34% of total sales

Express shipments
on the rise

Lockdowns have made inter-country travel difficult, and due to the high population of expats living in the country, deliveries during the festive seasons and other occasions has led to an increase in the number of express shipments

2. E-Commerce Trends in the UAE

2.4 Opportunities and Key Trends

Social commerce

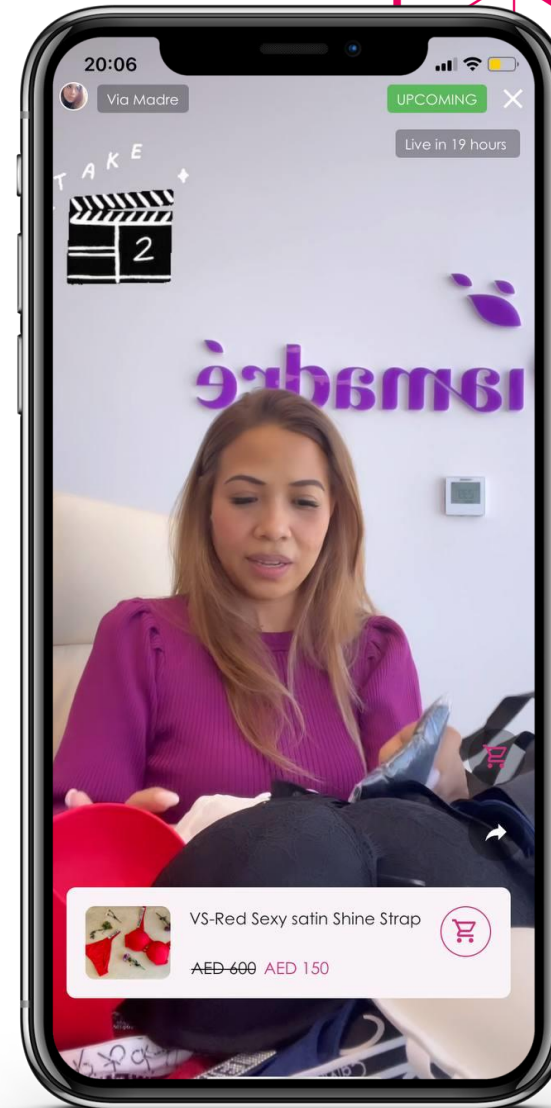
In the UAE, retailers are adopting the latest social commerce strategies:

- asking consumers to vote for their favourite products
- trending TikTok and Reels videos
- personalized product options
- user-generated content
- in-app shopping

Startups are launching video shopping platforms for social commerce shoppers in the UAE

Amid growing demand from retailers to provide their customers with an innovative online shopping experience in the UAE, startups are launching innovative video shopping platforms

In December 2021, **ShopperON** launched a video shopping platform in the UAE, which combines livestreams and shopping. ShopperON is an interactive marketplace where online shoppers can ask questions, and the host of the live stream can answer the questions with shoppable products showing on the screen



27.40%

of active internet users
watch livestreams

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Consumer Insights in the UAE



3. Consumer Insights

3.1 Middle East Global Consumer Insights

It's not only pandemic-era trends that are having an impact on consumer behavior – **anxiety about rising prices is also driving Middle East consumers to hunt down the best bargains and deals**

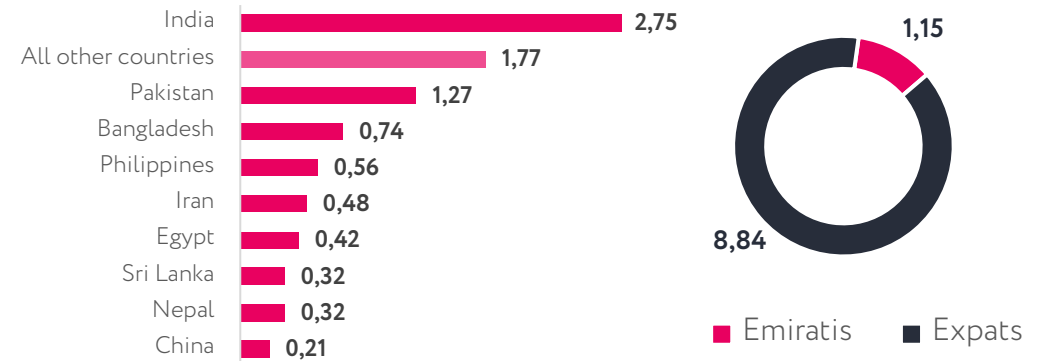
- 66%** of Middle East consumers agree that they have a good work-life balance
- 66%** have become more focused on saving
- 53%** buy eco-friendly or sustainable products
- 68%** have become more protective of their personal data



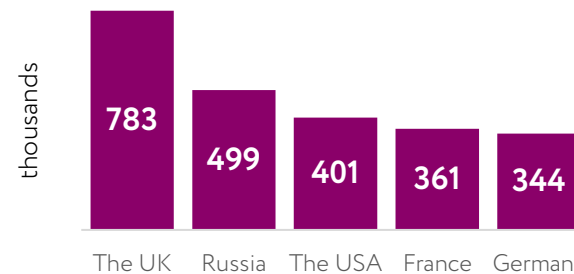
3.2 The UAE Consumer Landscape

The UAE has a unique combination of a strong traditional Arabic culture mixed with multiple expat cultures. **There is a lot of diversity across consumers, thus marketers need to consider it**

Expats population by country in 2021, mln **Population, mln**



Sources of business & travel visitors by country, Q1 & Q2 2022
Visitors of western countries to Dubai



Source: Global Consumer Insights Survey 2022, PwC, The UN, Government of Dubai

3. Consumer Insights

3.3 Media Consumption Overview

Smartphone and internet penetration rates are at an all-time high in the UAE

9 mln

use the internet and mobile phones which counts to a penetration rate of almost 99% of the entire population in the UAE

98.98%

of the people in the UAE are actively using Facebook, Twitter, Instagram, YouTube, LinkedIn, etc. Social media platforms are great tools to gauge the interest of the buyer and customer behavior

7 hours

the population spends online daily, with around 3 hours for social media

23%

average YoY e-commerce growth rate by 2022

Respondents' attitudes towards social media

45.1%

of those surveyed use business networks such as **LinkedIn** regularly

83.3%

of the respondents prefer using instant messengers such as **WhatsApp, Facebook Messenger and WeChat**

Over 75%

of the respondents used social networks such as **Facebook, Instagram etc.**

Around 92.5%

said they use social media platforms **daily and several times a week**, which indicates that **UAE is highly social media-oriented**

92.5%

of the UAE market use social media platforms daily

66.4%

of online consumers conduct prior research before making a major purchase

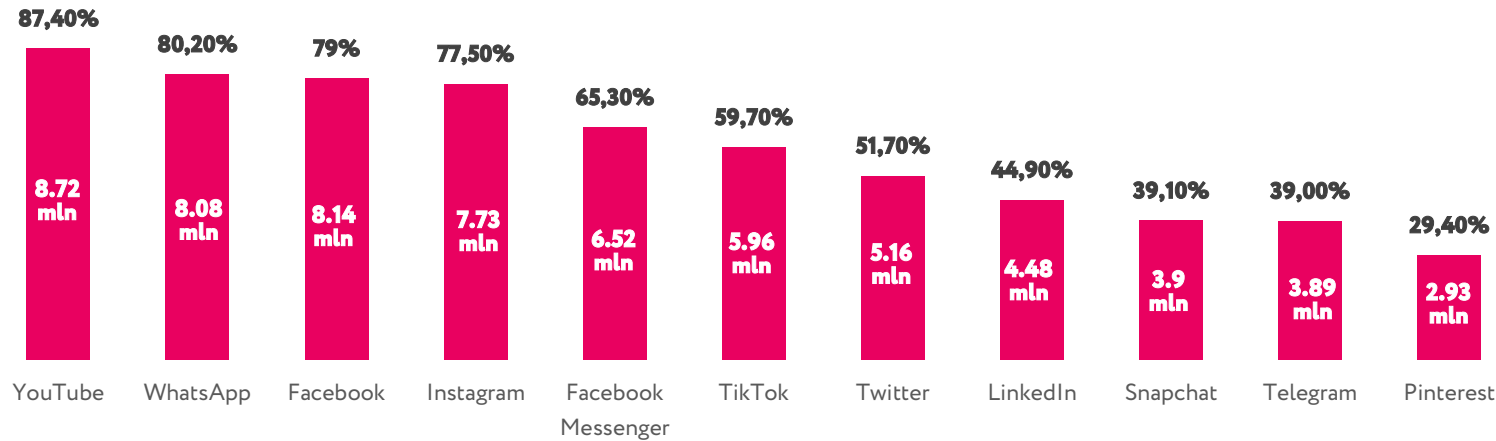
96.1%

use Google as their preferred search engine

3. Consumer Insights

3.3 Media Consumption Overview

Top 11 social media platforms by monthly average users



With such high rates of social media use across the population it's crucial to consider social media presence as a core marketing activity. A brand should approach social media strategically to succeed online, integrating both content marketing and paid ads.

Remember about the diversity of the population: be ready to test several communications and creatives for different audiences.

3.4 Main Consumer Touchpoints

#1

Average consumers spend 7 hours/day online, primarily on their phones

#2

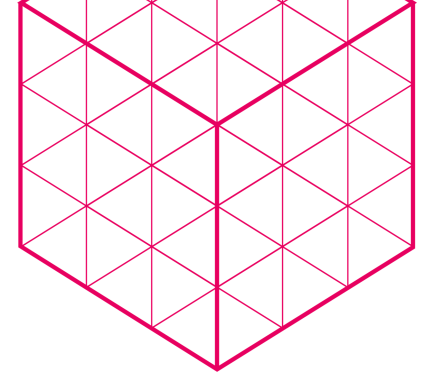
57.2% of female online shoppers research products online

#3

71.2% of female 60% of male respondents read reviews online

We recommend to focus on the best social commerce practices and utilize the latest performance marketing tactics on Facebook and Instagram. Paid Social campaigns will grow awareness as well as bring conversions. It's best to add promotions on messengers and Google Ads to the media mix to leverage the types of demand you are working with.

Source: Global Media Insight, UAE Consumer Survey Report, 2022



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Key Takeaways



4. Key Takeaways

- #1 Use the opportunity to target medium to high-income groups**
they represent more than 63% of the total population within the market
- #2 Offer valuable content in an «edutainment» style**
we are dealing with an educated audience that pays attention to engaging and relevant ads
- #3 Know your audience and be ready to test various hypotheses**
to find the right communicative and creative approach to your potential customers. Keep in mind, that your core TA may include several different cultures
- #4 Focus on convenience, flexibility and speedy delivery**
these are two very important features that consumers look for when making a purchase, either physically or online
- #5 Take advantage of social commerce opportunities**
this is a great way to engage with the potential customer in an entertaining way while bringing value

5. Legal Framework of Advertising in the UAE. Key Points

- Respect for religion and political institutions
- Advertising of alcoholic beverages, tobacco, smoking and all banned products or services is prohibited
- Prohibited content:
 - words and pictures that breach public morals
 - prejudice against children, women and any other members of society
 - provocation of violence, hatred and sectarianism via advertising content
- Standard Arabic language is required to be used in advertising
- Advertising must be clear and not contain incorrect, misleading or confusing information. Misleading claims of a comparative nature are prohibited
- Specialized advertisements require special permission of the relevant authority prior to issuance, i.e., advertisements about medicines or pharmaceutical products, food products and promotions. Similarly, advertisements relating to properties, universities and kindergartens must be approved by the relevant authority

Who we are

E-PROMO – digital agency with a **data-driven** approach to marketing

We are a people-oriented team that helps brands thrive by implementing creative, data-driven and results-focused digital strategies

2008

established in

470+

employees

\$300m

ad budget managed in 2021

20 countries

Client's geography including USA, EU, UAE, Russia and CIS, South Korea

300+

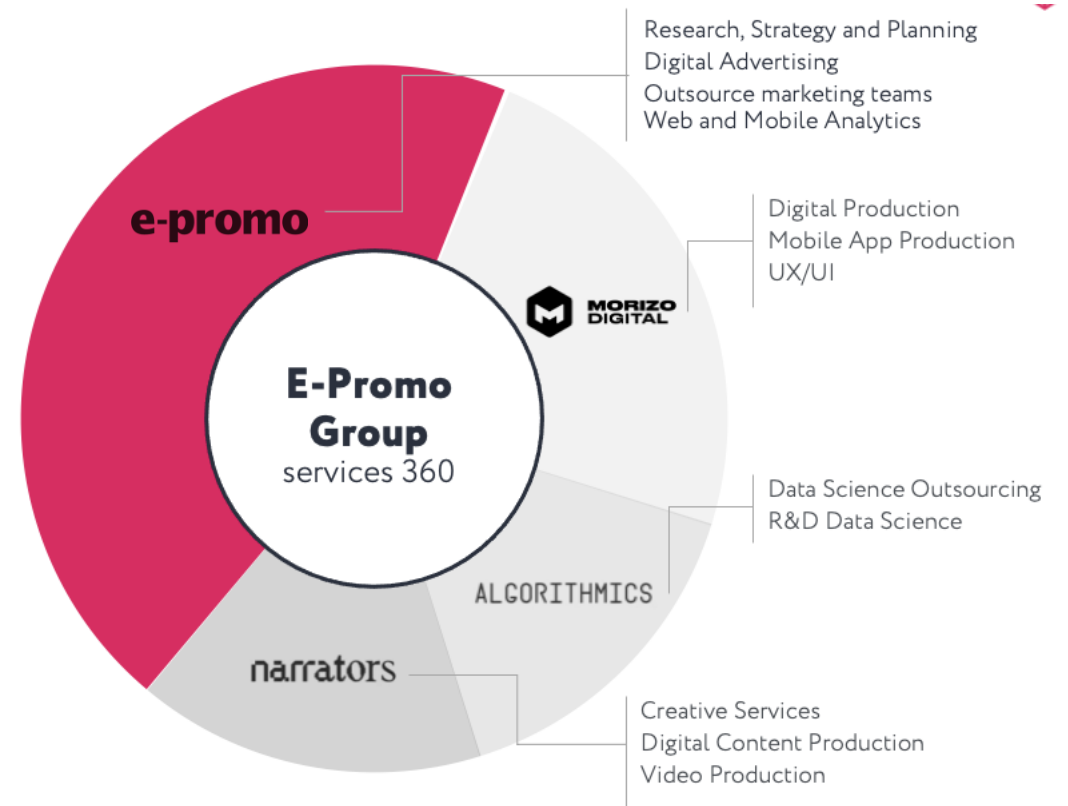
Advertisers in Agency's client list

6 offices

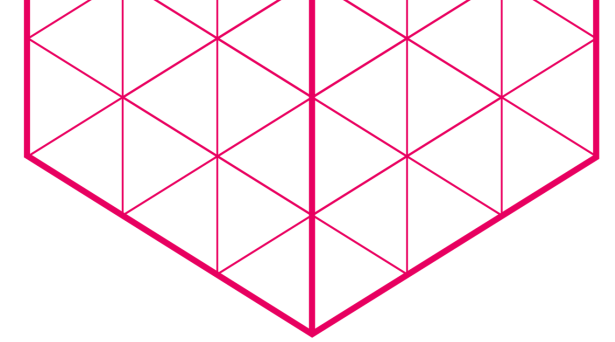
Israel, Cyprus, Estonia
Russia

We are a part of E-Promo Group

Our strategic partnership combines advertising expertise, creative, data analysis and IT technologies and enables us to offer an omnichannel single-window approach to O2O transformation, customer experience transformation and digitalizing communication with customers for complex, multi-national clients.



* The share of the company in the diagram corresponds to the share of revenue in the group of campaigns



Our Clients & Partners

Brands we partnered with

E-commerce



FMCG



Pharma



Finance



Other



Auto



Brands that trust us

DIY



FMCG



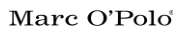
EdTech



Electronics



Fashion



Beauty



Our Services

We develop omnichannel promotional strategies and run digital advertising campaigns that convert consumer intent into revenue

Research, Strategy and Planning

- Communicative strategy
- Media Planning
- Competitors Insights

Digital Advertising

- Paid Search
- Paid Social
- Marketplaces and Retail media
- Media Buying
- Digital Analytics
- Programmatic
- Mobile

Outsource marketing teams

- Outsourcing and out staffing model of partnership with advertising agencies and brands

Digital consulting

- Marketing consultancy for businesses
- Digital Maturity Consulting

Our own qualitative & quantitative research

We conduct customer ad research and publish reports for advertisers, advertising platforms and platforms.

We annually analyze more than 130,000 advertising campaigns implemented by the agency



Paid Search 2021

[Download](#)



E-commerce 2021

[Download](#)



Paid Search 2020

[Download](#)



Paid Social 2019

[Download](#)

Certifications



Google Premier Partner
Senior partner in 2022



Facebook Certified Agency



Facebook Certified specialists



TikTok Certified specialists



VK Group Certified Agency



VK Certified Agency



Yandex Certified Agency

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We offer consulting
and full cycle
digital marketing
services

Have a project?
Let's connect!

e-promo.group

hello@e-promo.group

