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Kateryna Yahelska
Doctor of Sciences (Economics), professor,
professor of the department of marketing
State University of Trade and Economics, Ukraine
k.yahelska@knute.edu.ua
Albert Kniaziev
applicant for the second (master's) level of higher education,
educational and professional program "Trade Business"
State University of Trade and Economics, Ukraine
u5918841764@gmail.com

FEATURES OF E-COMMERCE IN ARABIC WORLD

ОСОБЛИВОСТІ ЕЛЕКТРОННОЇ КОМЕРЦІЇ В АРАБСЬКОМУ СВІТІ

Abstract. Based on the analysis and generalization of scientific, analytical and statistical sources, the key trends of digital transformation of trade in MENA were identified. E-commerce in Arab countries was characterized. The role of digitalization in the development of international trade was revealed and conclusions were drawn about the opportunities and limitations of e-commerce in the Arab world.

Анотація. На основі аналізу та узагальнення наукових, аналітичних і статистичних джерел виявлено ключові тенденції цифрової трансформації торгівлі у Великому Близькому Сході. Охарактеризовано електронну комерцію в арабських країнах. Розкрито роль цифровізації в розвитку міжнародної торгівлі та зроблено висновки про можливості й обмеження електронної комерції в арабському світі.

Key words: trade, digitalization, e-commerce, Arab countries.
Ключові слова: торгівля, цифровізація, електронна комерція, арабські країни.

In today's digital transformation, e-commerce is one of the key drivers of global economic growth, driving productivity growth, facilitating access to goods and services, and creating new business models. This process is particularly important for the Arab world, as digitalization offers opportunities for economic diversification, reducing dependence on raw materials, and boosting small and medium-sized businesses. However, the development of e-commerce in the Middle East and North Africa (MENA) region is characterized by a number of specific features related to socio-economic, cultural, and technological factors. Despite the rapid growth of online commerce in some countries – primarily the United Arab Emirates, Saudi Arabia, Egypt, and Morocco – the region remains heterogeneous in terms of the level of development of digital infrastructure, electronic payments, and logistics systems. A young population, high consumer mobility and active use of social networks create a favorable environment for e-commerce, but the lack of a unified regulatory policy, language specificity and differences in income levels of the population slow down the integration of Arab countries into global digital markets.

Research into the features of e-commerce in the Arab world allows not only to better understand the dynamics of the region's digital economy, but also to identify factors that determine the competitiveness of businesses in the e-commerce sector. The relevance of the topic is also due to the need to assess the potential of Arab countries in the global digital trade system, analyze barriers to its development and identify areas for improving the efficiency of online platforms and digital services in the context of sustainable economic growth.

Retail trade is developing rapidly in the Middle East and North Africa, which is becoming a key area of digitalization. The active growth of retail chains and online channels, especially in Egypt, the UAE, and Morocco, is contributing to a gradual increase in the share of e-commerce, although it is still lower than global indicators.

Among the characteristic trends of e-commerce in the Arab world, it is first of all appropriate to name the dominance in this area of several key countries: Egypt, UAE and Saudi Arabia, because, according to [1], they provide approximately 80% of the e-commerce market in the region. This

indicates a significant concentration of commercial activity in the MENA region, where other countries are only gradually increasing their participation.

Consumer behavior is changing: along with the desire to save, the demand for premium products, ready-made food-to-go solutions and B2B digital platforms is growing. The competitiveness of retailers increasingly depends on the use of artificial intelligence, the development of own brands and the use of retail media for personalization and optimization of pricing policies. Digital business models are becoming the main driver of the development of the retail sector and the basis of modern commercial strategies in the region [2].

Almost 30% of the region's population is in the 15-29 age group, which creates a favorable environment for the development of online commerce: young people are more active in using mobile devices, opening online channels and are ready for digital purchases. In Arab countries, especially among the younger generation, platforms such as Instagram, TikTok and other visual media channels play a key role in finding new products. European brands entering these markets are learning to adapt their marketing strategies to local preferences, languages and cultural characteristics. Online shopping events, recommendations from influencers and interactive content are becoming important tools for stimulating online sales [3]. The top e-commerce sites in the region are dominated by online retailers (clothing, electronics, home appliances), for example: Noon, Namshi, Jumia. This may indicate that the main growth of e-commerce in MENA is in the consumer segment B2C, while B2B segments or industrial chains are still less developed. Analysis of top sites [1] allows us to conclude that the share of visits and activity varies greatly between countries. This indicates a difference in the levels of infrastructure (delivery, payment, service) in the region. Insufficient logistics, uneven access to the Internet or mobile devices can hinder the development of e-commerce.

The market is actively represented by international players such as Amazon, AliExpress, which have a significant share of traffic in the region. This creates an additional challenge for local companies - they have to compete not only with each other, but also with global platforms that have scale, technology and trust. On the other hand, the importance of localization cannot be overlooked – from the interface language to payment methods, logistics and marketing communications. For example, although Amazon is the world's leading e-commerce platform by gross merchandise value (in 2024, the gross merchandise value (GMV) was 790,3 billion US dollars) [4], the platform must take into account the regional characteristics of consumers, because culture, language, and differences between countries create barriers for global platforms. At the same time, such barriers provide opportunities for local players. For example, one can observe the growth of specialized niches. Thus, among the popular platforms are online pharmacies (Nahdi Online) in Saudi Arabia. That is, not only universal marketplaces, but also niche online channels (health, beauty, premium segment) are gaining popularity today.

E-commerce activities are very broad. They include business-to-business (B2B), retail (B2C) or direct exchange between consumers through commercial portals (C2C). E-commerce has a major impact on the development of international trade [5]. The Arab world is no exception. For example, the rapid development of technology, the growth of online shopping and the activity of small and medium-sized businesses have accelerated trade relations between Europe and the Arab world. E-commerce has become a key driver of international trade in recent years, opening up the opportunity for small and medium-sized enterprises to sell products directly to foreign consumers. Demand for fashion, cosmetics, electronics and household goods is growing in Arab countries, while Arab manufacturers are entering the European market with food, textiles and cultural goods. Artificial intelligence plays an important role in this process, optimizing supply chains, forecasting demand, personalizing offers and improving the customer experience. Especially in the Gulf countries, AI technologies – recommender systems, voice services, and smart payments – are becoming the norm, creating competitive advantages for companies implementing digital innovations [3].

Regional characteristics also play a key role: in highly digitalized countries, such as the UAE, the priority is the development of innovations and support for startups, while in countries with a low level of digitalization, access to the Internet and basic digital skills. In general, the digitalization of the economy can also significantly affect the labor market and social development. The introduction

of modern technologies can increase employment in the manufacturing sector by 7%, and the growth of tourist flows by 70%, creating jobs in the hotel and service sectors [6].

At the same time, in the Middle East and North Africa, the potential of digital trade is limited by the raw material structure of the economy. The insufficient development of digital infrastructure, production base and competitive industries hinders the integration of the region into global value chains. About half of exports still come from fossil resources, so digitalization covers mainly the consumer sector, and industry remains poorly modernized. This increases dependence on external markets and the risk of unemployment, because the benefits of e-commerce do not stimulate the development of local production. Even in countries with a high level of digitalization, maintaining an orientation towards the oil sector limits the industrial effect, and the development of online platforms can increase the trade deficit and crowd out local businesses [7].

Thus, e-commerce in the Arab world has both strengths and opportunities, as well as a number of limitations and challenges. An analysis of Arab e-commerce makes it clear: the MENA market is gaining momentum, especially in the consumer sector, but has significant structural limitations. Companies that take into account the local language, culture and high expectations of users regarding service are successful. For more comprehensive development (including B2B segments, local production, logistics) investments, infrastructure and strategic partnerships are required. Given these features, it is important for companies (both internal and external) to adapt business models to the conditions of the region, invest in localization, service and technology, as well as have a long-term development strategy.

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