



United Arab Emirates



Globale
Smart Cross-Border™

Country Report
2020

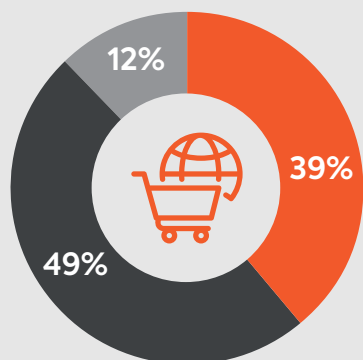
9.77M¹ Population (2019)
Currency: Dirham (AED)
GDP per capita (2019): **\$37,750**²
Language: Arabic
Internet penetration (2019): **9.53M**³
63%⁴ Of internet users buy online (2019)
\$16 Billion⁵ eCommerce market size (2019)



The United Arab Emirates (UAE) is made up of seven emirates; Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Quwain and is unique in that only 10% of the population are UAE Nationals, with the rest of the population made up of expatriates.

The UAE has the second largest economy in the Middle East after Saudi Arabia, with a GDP exceeding \$425 billion⁶. Internet penetration in the UAE stands at 98% and the ecommerce market is forecast to grow by averaging 23.0% annually, reaching \$27.1 billion by 2022⁷. This growth can be attributed to the young population; 64% is aged under 31 and the generally high purchasing power. The UAE shopper is among the top spenders online. In 2018, the spend per online shopper was \$1,648, with a growth of 29.6% projected through 2020, representing the biggest annual spend in the wider Middle East, North Africa and South Asia (MENASA) region⁸. The UAE is a valuable market for cross-border ecommerce retailers, with over 60% of online shoppers in the UAE purchasing from online stores outside the UAE⁹.

How UAE online shoppers buy cross-border

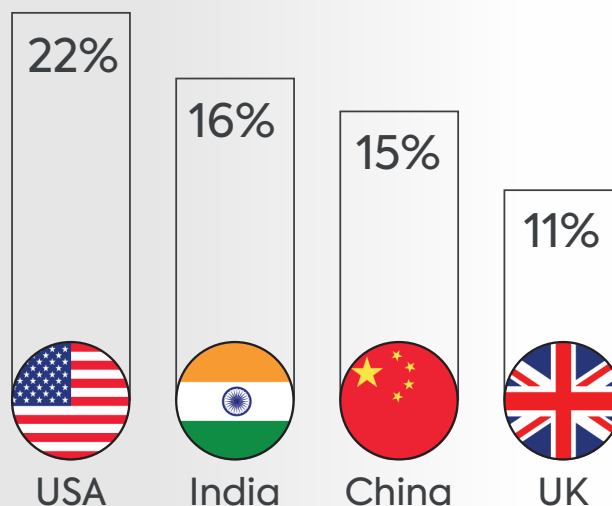


- Shop domestically only
- Shop domestically & cross-border
- Shop cross-border only

Top reasons for purchasing cross-border

The top reasons cited by UAE shoppers for shopping online on foreign websites are: to give them access to a wider range of products, cheaper prices, higher quality items and items not available locally. Affordable shipping costs is another important factor with 37% of UAE shoppers citing free shipping as a reason for shopping overseas¹⁰.

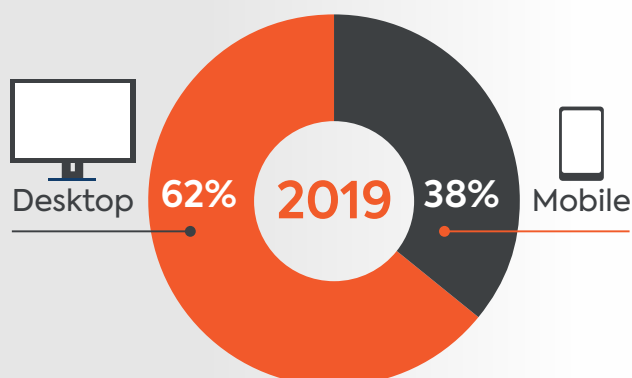
Which countries do cross-border shoppers from the UAE buy from?



Source: Paypal and Ipsos: 2018

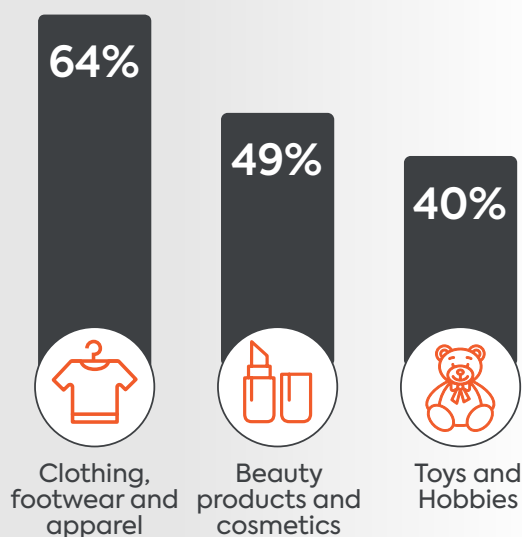
Preferred device for cross-border online shopping

There was a 36% increase in the number of cross-border online purchases made via mobile from 2018 to 2019.



Source: Global-e, 2020

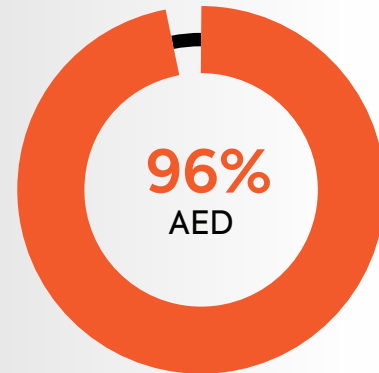
Popular cross-border purchases



Source: PayPal, 2018

Currencies preferred by UAE Cross-Border Shoppers

96% of cross-border shoppers from the UAE choose to purchase using AED, the local currency. The remainder choose to purchase in either GBP (3%) or USD (1%).

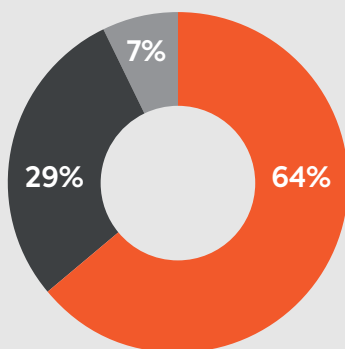


Source: Global-e, 2019

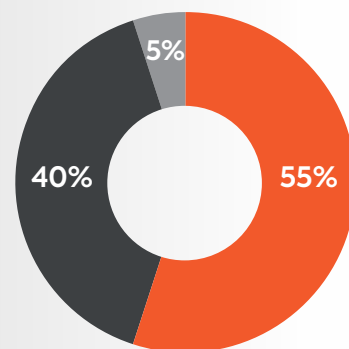
Payment methods used by UAE Cross-Border Shoppers

Cash on delivery (COD) has traditionally been the preferred payment method of a wide sector of the population who are wary of online payments. Although card payments continue to grow in the UAE, COD is still prevalent and the preferred payment method of over 40% of online shoppers in this market¹¹. This can also be seen when it comes to cross-border orders, with almost 30% of shoppers preferring to pay using this method when given the option. The popularity of COD increases when buying luxury goods, with 40% of orders made via COD for this vertical.

Preferred payment methods for cross-border online purchases



Preferred payment methods for cross-border online purchases of luxury goods



■ Credit Cards ■ Cash on Delivery ■ Online Payments

Source: Global-e, 2019

Taxes and Duties Prepayment

All cross-border online shoppers are subject to local VAT, with import duties levied on all orders above the local threshold. 84% of cross-border online shoppers choose to prepay all duties at checkout, when given the option.



Local Import Tax Regulations

VAT was introduced in the UAE on 1 January 2018, at the rate of 5%. This local sales tax is levied on all cross-border orders. In addition, orders above AED 1000 (approx. US\$270) are subject to import duties and taxes: an additional 5% of the order amount plus a fixed fee of AED 30 per shipment.



National Holidays and Popular Shopping Days (Dates for 2020)

Al Isra'a Wal Mi'raj (Ascension Day) – 22 March
Eid Al Fitr – 23 May
Eid Al Adha – 30 July
Islamic New Year – 19 August
UAE National Day – 2 December



Black Friday has become a significant shopping holiday in the UAE. In 2019, we saw an increase of 260% in cross-border orders as compared to an average Friday in November 2019.

Summary

The UAE is the second largest economy in the Gulf Cooperation Council (GCC) and one of the most digitally connected nations in the world. Shopping online is widespread, as is cross-border ecommerce, which has seen a huge rise during the last few years. The combination of a high GDP and a large population of expats contributes to the huge potential opportunity for online merchants seeking to increase their international sales. However, in order to capitalise on this opportunity, retailers and brands should take note of the unique characteristics of this market and ensure that their online offering is customised according to the preferences of local shoppers.

Keys to the UAE cross-border market



Display prices for local shoppers in United Arab Emirates dirham (AED) rounded according to local market convention, to the nearest AED 5



Cash on Delivery is the preferred payment method of many shoppers in this market, especially for goods with a higher AOV such as luxury goods



Present guaranteed tax and duties calculations, with an option to prepay all duties and taxes at checkout



Offer multiple shipping options, including express delivery, at attractive rates. For merchants selling high-value goods, offering free shipping will further push conversions



Set your promotions in this market around local holidays and global shopping peaks: Offer market-specific promotions around the Muslim holidays such as Eid Al Fitr and Eid Al Adha when local shoppers customarily buy new clothes and gifts. Offering promotions around Black Friday will increase sales as it has become a popular shopping holiday in the UAE.

Smart cross-border tip

For luxury goods, including the taxes and duties in the product price and informing shoppers that there will be no additional costs added at checkout or upon delivery is an effective tool to increase conversion

About Global-e

Global-e (Nasdaq: GLBE) is the world's leading platform to enable and accelerate global, direct-to-consumer cross-border ecommerce growth. The chosen partner of hundreds of retailers and brands across the United States, Europe and Asia, Global-e makes selling internationally as simple as selling domestically. Our end-to-end ecommerce solutions combine best-in-class localisation capabilities, big-data best-practice business intelligence models, streamlined international logistics and vast cross-border experience, enabling online retailers to offer customers in over 200 destinations worldwide a seamless localised shopping experience. This includes local messaging per market, local pricing supported in 100+ currencies, 150+ local and alternative payment method, local tax and duty calculation with prepayment options for a guaranteed landed cost, multiple shipping options at attractive rates and easy returns. For more information, please visit our website: www.global-e.com

To discover more about increasing your online sales for the UAE market, please contact us at info@global-e.com

Sources:

Global-e data, 2019-2020

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4. Bain and company (2019), [E-commerce in Mena: Opportunity Beyond the Hype](#)
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