



SARAVA

E-commerce in the Region

E-commerce and Classified Marketplaces in Selected Countries

Business Insight Team

December 2021



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Executive Summary

1. The role of international know-how and investment is indispensable for the regional companies

Almost all of the key e-commerce companies in the region have been backed by knowledgeable foreign investors or global e-commerce players.

2. Global e-commerce players in the region prefer acquisitions and strategic partnerships

Global e-commerce players strengthen their presence in the region mainly through acquisitions or strategic partnerships, not through building from scratch.

3. More IPOs and M&As are yet to come

We expect the continuation of IPOs and M&As as the e-commerce industry matures in the region.

4. Increasing number of classified platforms are entering the realm of transaction

Classic classifieds are turning into marketplaces. This trend may threaten classic e-commerce supremacy.

5. E-commerce in Turkey is booming

Besides being an attractive e-commerce market, Turkey is seen as a strategic gateway to the European market.

6. The UAE, increasingly, plays the role of e-commerce hub for Arabian countries

The UAE is becoming the hub of multinational e-commerce players, which are determined to have a strong presence in Arabian countries' markets and gain a foothold in Africa from the Middle East.

7. Pakistan seems to be strategic for Chinese e-commerce players

As well as the potential market of Pakistan with around 200 million population, it can act as a strategic distribution chain in the international supply chain of companies such as Alibaba.

8. The viable cross-border market for Iranian players seems to be the Iraqi market

Iraqi e-commerce players are still in their nascent phases and cannot pose competitive threats to multinational players. Furthermore, the Iraqi market size is large and this makes this market more attractive.

Selected Countries at a Glance

Country	Population in 2019 (Million)	GDP in 2020 (Billion Dollar)	Internet Penetration in 2020	E-commerce Market Size in 2020 (Billion Dollar)	Online retail/Total retail
Turkey	82	720.1	77.7%	12	6.2%
Saudi Arabia	34.2	700	95.7%	7	3.8%
UAE	9.7	421.1	99%	6	8%
Pakistan	216.6	263.6	27.5%	4	-
Egypt	100.4	363	57.3%	3	2.5%
Iran	82.9	191.7	70%	2.5	3.2%
Iraq	39.3	167.2	75%	-	-

Key Regional Companies at a Glance

#	Name	Headquarters	Total Visits (M)	Most Visits	Alexa Rank in the Home Country (Aug, 2021)
1	Trendyol	Turkey	195.65	96.94% from Turkey	4
2	Sahibinden*	Turkey	133.18	98.34% from Turkey	5
3	Hepsiburada	Turkey	95.30	97.98% from Turkey	7
4	Digikala	Iran	64.24	93.14% from Iran	3
5	N11	Turkey	44.88	98.82% from Turkey	11
6	Opensooq*	Jordan	35.41	29.55% from Saudi Arabia	23
7	Haraj*	Saudi Arabia	34.29	94.47% from Saudi Arabia	5
8	Gittigidiyor	Turkey	31.38	98.44% from Turkey	24
9	Divar*	Iran	24.13	94.68% from Iran	8
10	Amazon.ae	UAE	22.16	75.14% from UAE	4

Source: Similarweb, Jul. 2021

* Classified Platforms



Introduction

The data on well-known e-commerce and classified markets such as the USA and China and outstanding companies such as Amazon is abundant. But **when it comes to the emerging e-commerce and classified markets in the region, the opposite is the case**. The situation gets worse when beyond data, insight on these markets and companies within is sought. What we have tried to address in this report is **gathering sufficient data** and shaping it in an **informative form**. Furthermore, we did our best **to extract valuable insight**. As some markets seem more strategic than others, especially for Iranian companies and decision-makers, we **focused on some selected countries** and the strategic companies active in them. The criteria for selecting countries in this report are as follows:

- The country is either a **neighboring country** or identified as a **regional hub for e-commerce** such as Turkey, Iraq, and Pakistan.
- It **hosts valuable e-commerce players** or has a **considerable market size** relative to regional standards such as the UAE and Saudi Arabia.
- The country is **similar to Iran** in some **economic** and **demographic** factors such as Egypt.

Iran



UAE



Saudi Arabia



Turkey



Egypt



Pakistan



Iraq



Iran and the other selected countries in the region

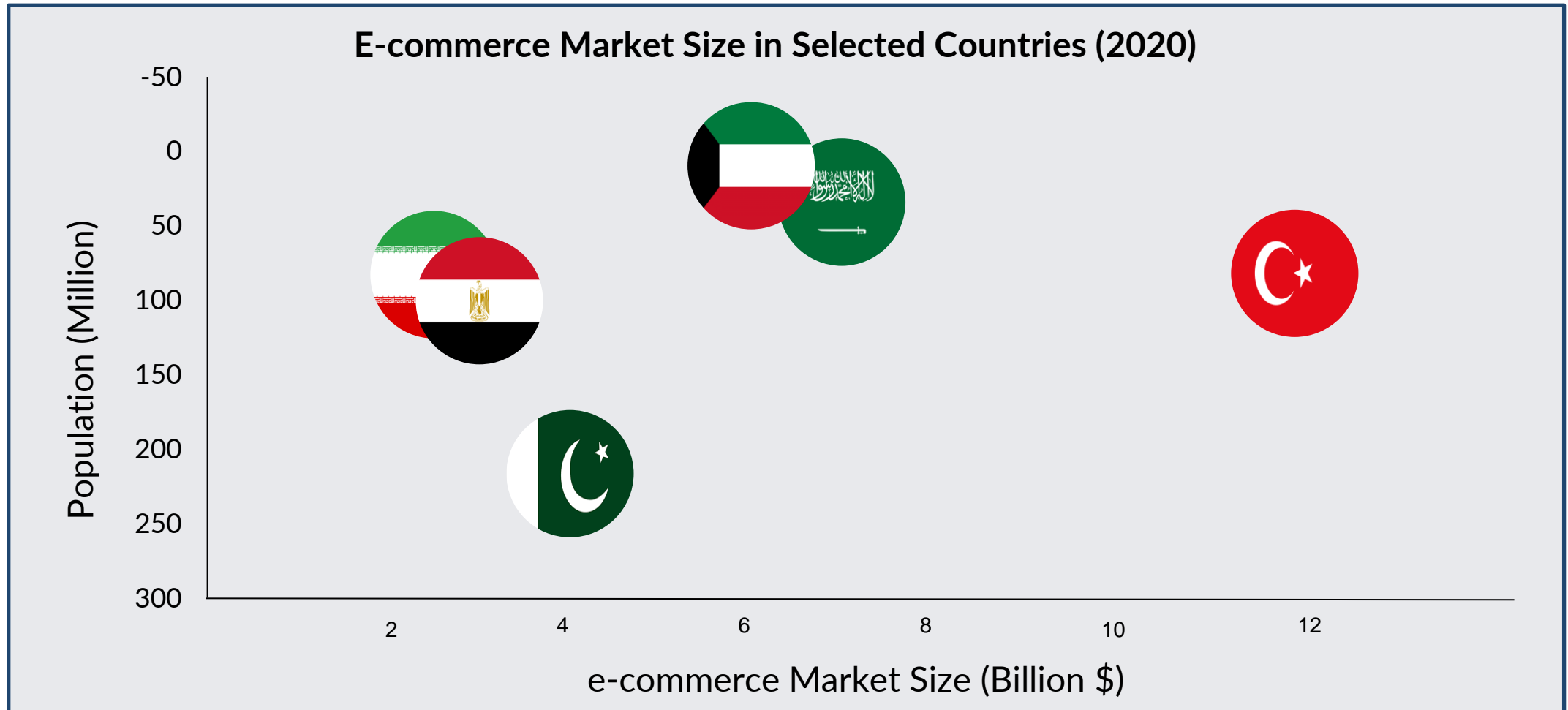


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E-commerce landscape in Selected Countries

In this section we are going to have a glance over the e-commerce landscape in the selected countries through a macro point of view. These countries are ranked in terms of their estimated e-commerce market size.

Turkey, with a population close to Iran, has an e-commerce market almost five times larger



Source: ecommerceDB, Aug. 2021

*: Iran market size is estimated based on Digikala 1399 report

** : Iraq due to lack of trusted data is excluded



Turkey



Population: 82 million (2019)



GDP: \$720.1 billion (2020)

Source: world Bank



Internet Penetration: 77.7% (2020)

Source: Hootsuite, Jan 2021



E-commerce Market size: \$12 billion (2020)

Source: ecommerceDB



Online retail/Total retail: 6.2%

Source: Deloitte, April 2020

E-commerce websites in top 50 Alexa ranking in Turkey

Alexa Rank (Aug, 2021)	Website
4	Trendyol
5	Sahibinden*
7	Hepsiburada
11	N11
22	Gittigidiyor
30	Amazon.com.tr
33	Amazon.com

* Sahibinden is a classified website



KSA



Population: 34.2 million (2019)



GDP: \$700 billion (2020)

Source: world Bank



Internet Penetration: 95.7% (2020)

Source: Hootsuite, Jan 2021



E-commerce Market size: \$7 billion (2020)

Source: ecommerceDB



Online retail/Total retail: 3.8%

Source: go-gulf.ae

E-commerce websites in top 50 Alexa ranking in the KSA

Alexa Rank (Aug, 2021)	Website
5	Haraj*
8	Amazon.com
9	Amazon.sa
14	Aliexpress
26	Noon
35	Jarir
36	Alibaba
47	Apple

* Haraj is a classified website



UAE



Population: 9.7 million (2019)



GDP: \$421.1 billion (2020)

Source: world Bank



Internet Penetration: 99% (2020)

Source: Hootsuite, Jan 2021



E-commerce Market size: \$6 billion (2020)

Source: ecommerceDB



Online retail/Total retail: 8%

Source: zawya, Jun 2021

E-commerce websites in top 50 Alexa ranking in the UAE

Alexa Rank (Aug, 2021)	Website
4	Amazon.ae
8	Amazon.com
10	Dubizzle*
22	Noon
25	Aliexpress
29	Alibaba
43	Apple

* Dubizzle is a classified website



Pakistan



Population: 216.6 million (2019)



GDP: \$263.6 billion (2020)

Source: world Bank



Internet Penetration: 27.5% (2020)

Source: Hootsuite, Jan 2021



E-commerce Market size: \$4 billion (2020)

Source: ecommerceDB



We could not find any reliable sources to quote or estimate Pakistans's ratio of online retail to total retail.

E-commerce websites in top 50 Alexa ranking in Pakistan

Alexa Rank (Aug, 2021)	Website
4	Amazon.com
8	Daraz
16	OLX*
26	Aliexpress

* OLX is a classified website

Though Egypt is an African country, the UAE-based e-commerce Souq is more popular than the African multinational Jumia in this country



Egypt



Population: 100.4 million (2019)



GDP: \$363 billion (2020)

Source: world Bank



Internet Penetration: 57.3% (2020)

Source: Hootsuite, Jan 2021



E-commerce Market size: \$3 billion (2020)

Source: ecommerceDB



Online retail/Total retail: 2.5%

Source: Oxford Business Group, Aug. 2021

E-commerce websites in top 50 Alexa ranking in Egypt

Alexa Rank (Aug, 2021)	Website
13	Souq
21	Amazon
27	OLX*
42	Jumia

* OLX is a classified website

The data well suggests that the Iranian e-commerce market is more concentrated than most of the countries in the region



Iran



Population: 82.9 million (2019)



GDP: \$191.7 billion (2020)

Source: world Bank



Internet Penetration: 70% (2020)

Source: Hootsuite, Jan 2021



E-commerce Market size: \$2.5 billion (2020)

Source: Estimated based on Digikala 1399 (2020) Report



Online retail/Total retail: 3.2%

Source: Digikala 1399 (2020) Report

E-commerce websites in top 50 Alexa ranking in Iran

Alexa Rank (Aug, 2021)	Website
3	Digikala
8	Divar*
11	Torob**
22	Emalls**

* Divar is a classified website

** Torob and Emalls are price comparison websites



Iraq



Population: 39.3 million (2019)



GDP: \$167.2 billion (2020)

Source: world Bank



Internet Penetration: 75% (2020)

Source: Hootsuite, Jan 2021



We could not find any reliable sources to quote or estimate Iraq's e-commerce market size and the ratio of online retail to total retail in this country.



E-commerce websites in top 50 Alexa ranking in Iraq

Alexa Rank (Aug, 2021)	Website
9	Amazon
28	Opensooq
39	Aliexpress

* Opensooq is a classified website



Key e-commerce Players in Selected Countries

In this section, we overview the e-commerce players in the selected countries through a micro point of view. These players are ranked in terms of their estimated monthly total visits.

Though Trendyol entered the e-commerce scene almost a decade after Hepsiburada, the fashion-centric e-commerce strategy along with the international knowledge and capital fueled its meteoric rise



Founded:
2009



Countries Covered:
Over 190 countries with
the help of AliExpress



Active Customers (2020)*:**
19.3 m



Categories covered:
General e-commerce, grocery,
on demand, and food



Value(2021)*:
\$16.5 b



Number of Items Sold (2020)**:**
347 m



Major Presence:
Turkey



Total Net Sales:**
\$792 m



Alexa Rank In Turkey (Aug 2021):
4

Sources:

*: Based on \$1.5 b investment, Techcrunch, Aug. 2021

** : Ecommercedb.com

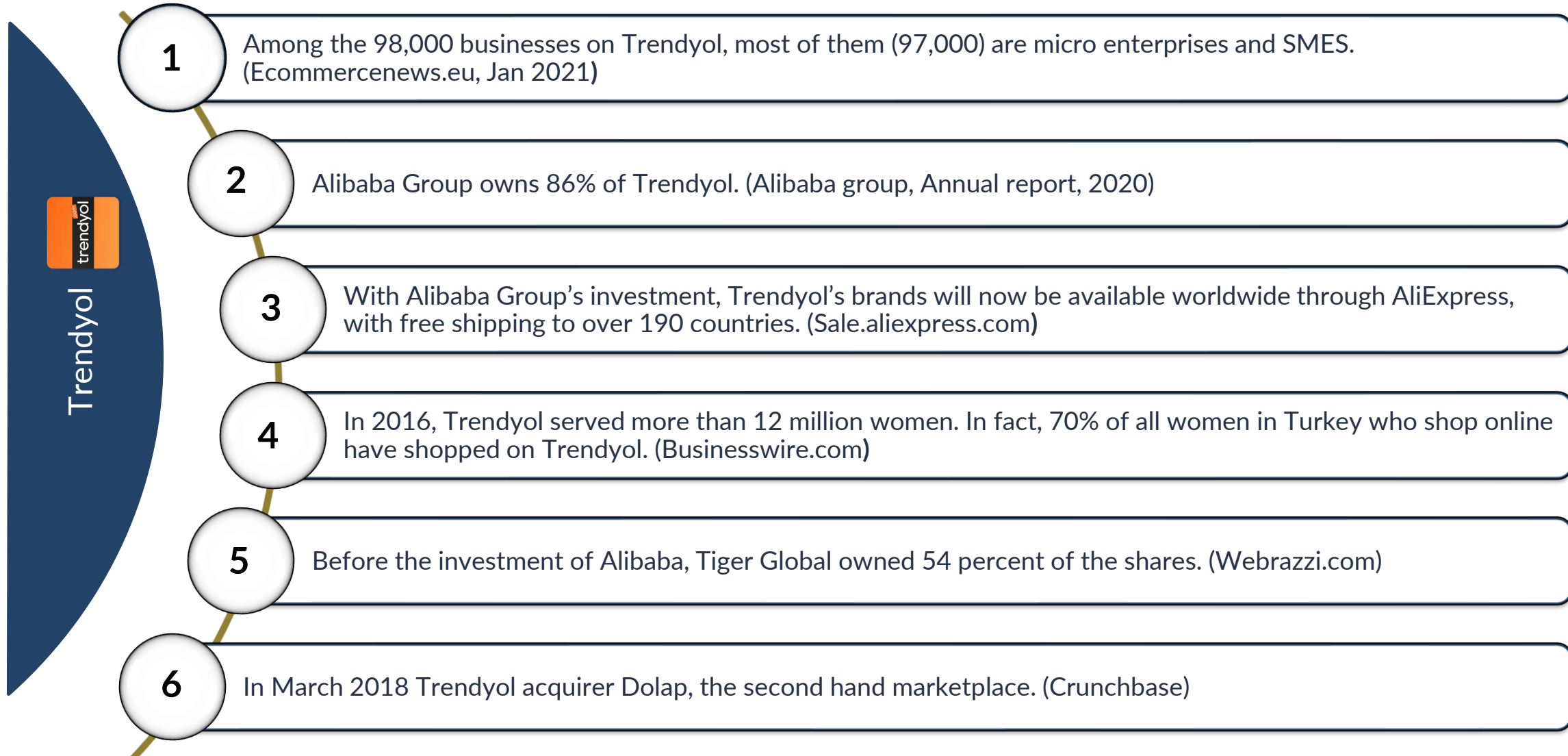
***: Ecommercenews.eu

****: Ecommercenews.eu



Investors	Investment amount	Year
Tiger Global Management	TL 4.3 m + \$10 m	2010-2011
Kleiner Perkins	\$25 m with two other investors	2011
Emre Kurttepelı	Undisclosed	Undisclosed
EBRD (European Bank for Reconstruction and Development)	Undisclosed	Undisclosed
Alibaba Group	\$730 m	2018
Alibaba Group	\$125 m	2020
General Atlantic, SoftBank Vision Fund 2, Princeville Capital and sovereign wealth funds, ADQ (UAE) and Qatar Investment Authority	\$1.5 b	2021

Some facts about Trendyol



Hepsiburada was the first well-established e-commerce company in Turkey to become a publicly-traded company with a value of \$3.9 billion at the time of IPO



Founded:
2000



Countries Covered:
Turkey, the neighboring
countries of Turkey, and
Europe



Revenue(2020)**:
\$736 m



Categories covered:
General e-commerce, grocery,



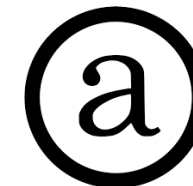
IPO Date:
June 30, 2021



Major Presence:
Turkey



Value(IPO Date)*:
\$3.9 b



Alexa Rank In Turkey (Aug 2021):
7

Sources:

*: Bloomberg

** : Dailysabah



Investors	Investment amount	Year
Abraaj Group	\$100 m	2015
Franklin Resources*	Undisclosed	2019

Some facts about Hepsiburada



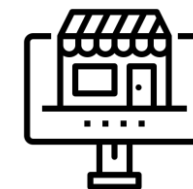
Digikala is the largest e-commerce player in Iran



Founded:
2006



Countries Covered:
Iran



Number of enterprises on the platform
+150 thousand



Categories covered:
General e-commerce, grocery, on demand



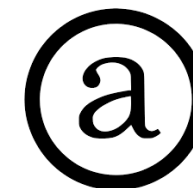
Number of products:
+4.5 million



Major Presence:
Iran



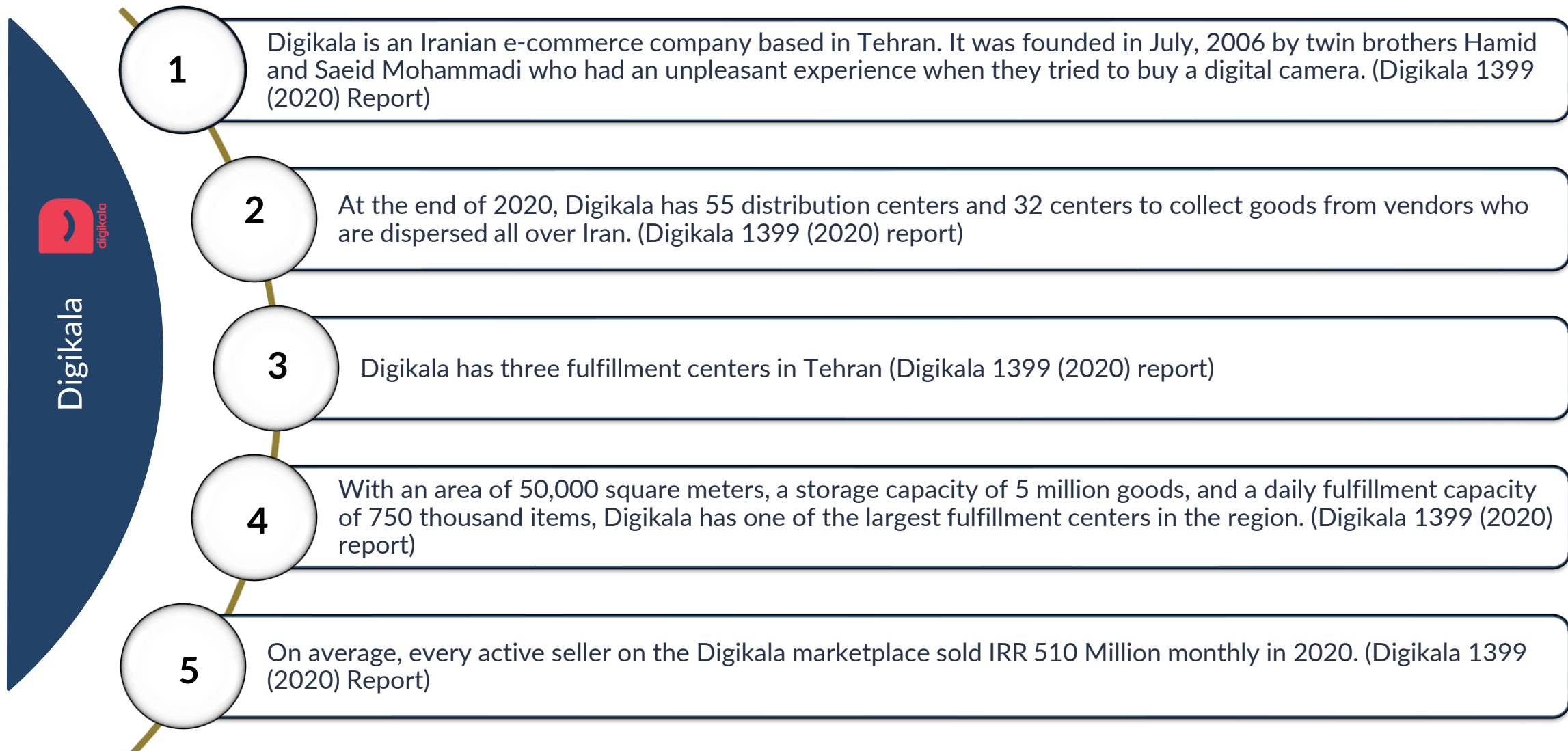
Monthly Unique Visitors:
+30 million



Alexa Rank In Iran (Aug 2021):
3

Source:
* Digikala 1399 (2020) Report

Some facts about Digikala



N11 has been able to gain significant market share in Turkey's e-commerce market in a relatively short period of time, largely thanks to its experienced international investor

n11.com



Founded:
2013



Countries Covered:
Turkey



Number of products sold**:
64 million



Categories covered:
General e-commerce, grocery,



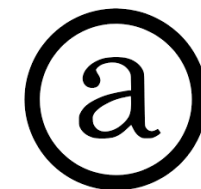
Revenue*:
\$792 m



Major Presence:
Turkey



Number of users*:
11 million



Alexa Rank In Turkey (Aug 2021):
11

Source:

*: Reuters.com

*: Redhat.com, 2018

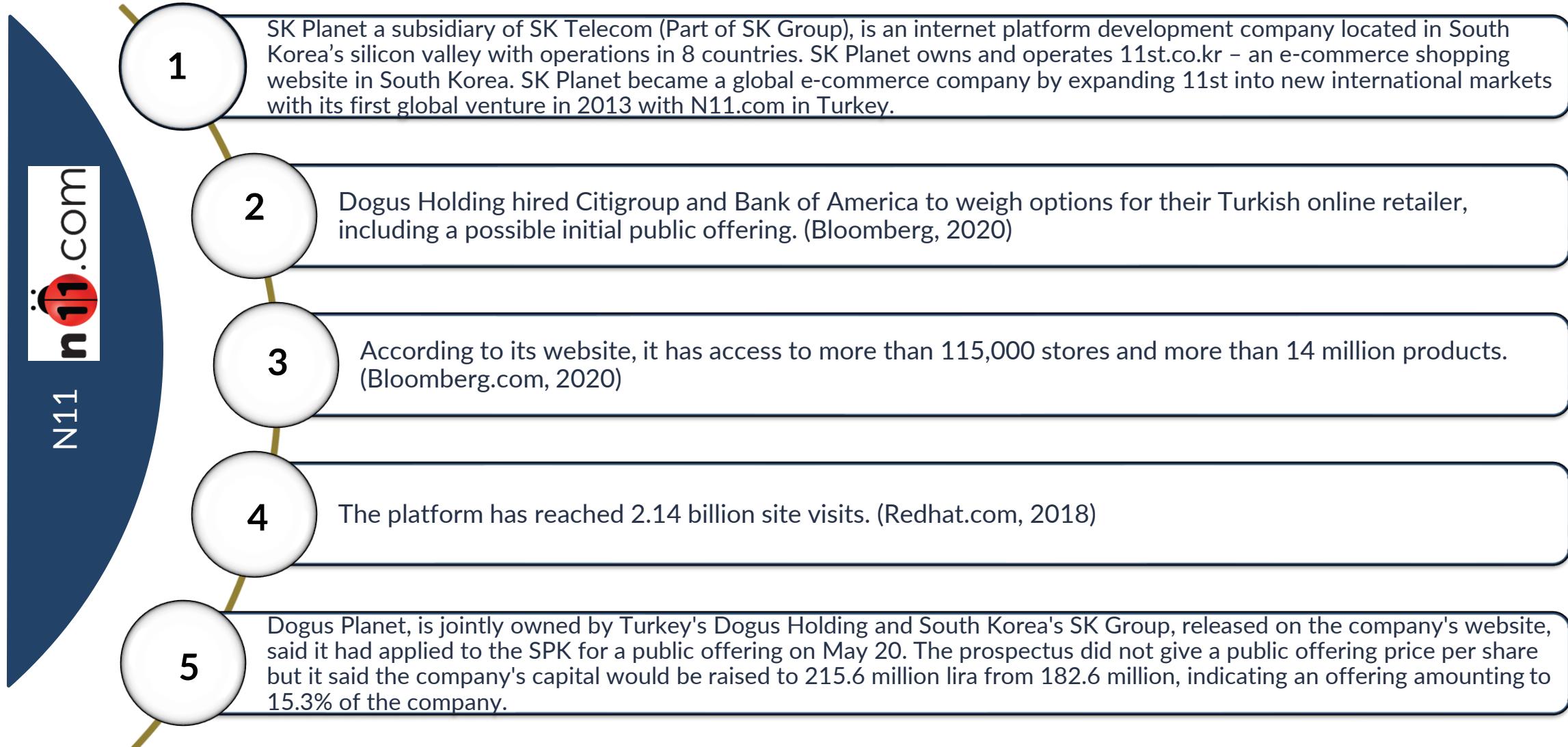
** : Redhat.com, 2018



Investors

N11 is a joint venture between Doğuş Group and Korean SK Group.
SK Group is the third largest conglomerate in South Korea

Some facts about N11



Although some competitors, such as Dolap, are growing fast in the C2C e-commerce market, Gittigidiyor is still the leading player in Turkey



Founded:
2001



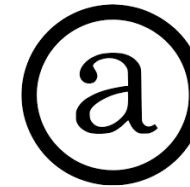
Countries Covered:
192 countries with the help of eBay



Categories covered:
General e-commerce, grocery,



Number of products*:
15 million



Alexa Rank In Turkey (Aug 2021):
24



Major Presence:
Turkey



Registered users*:
19 million

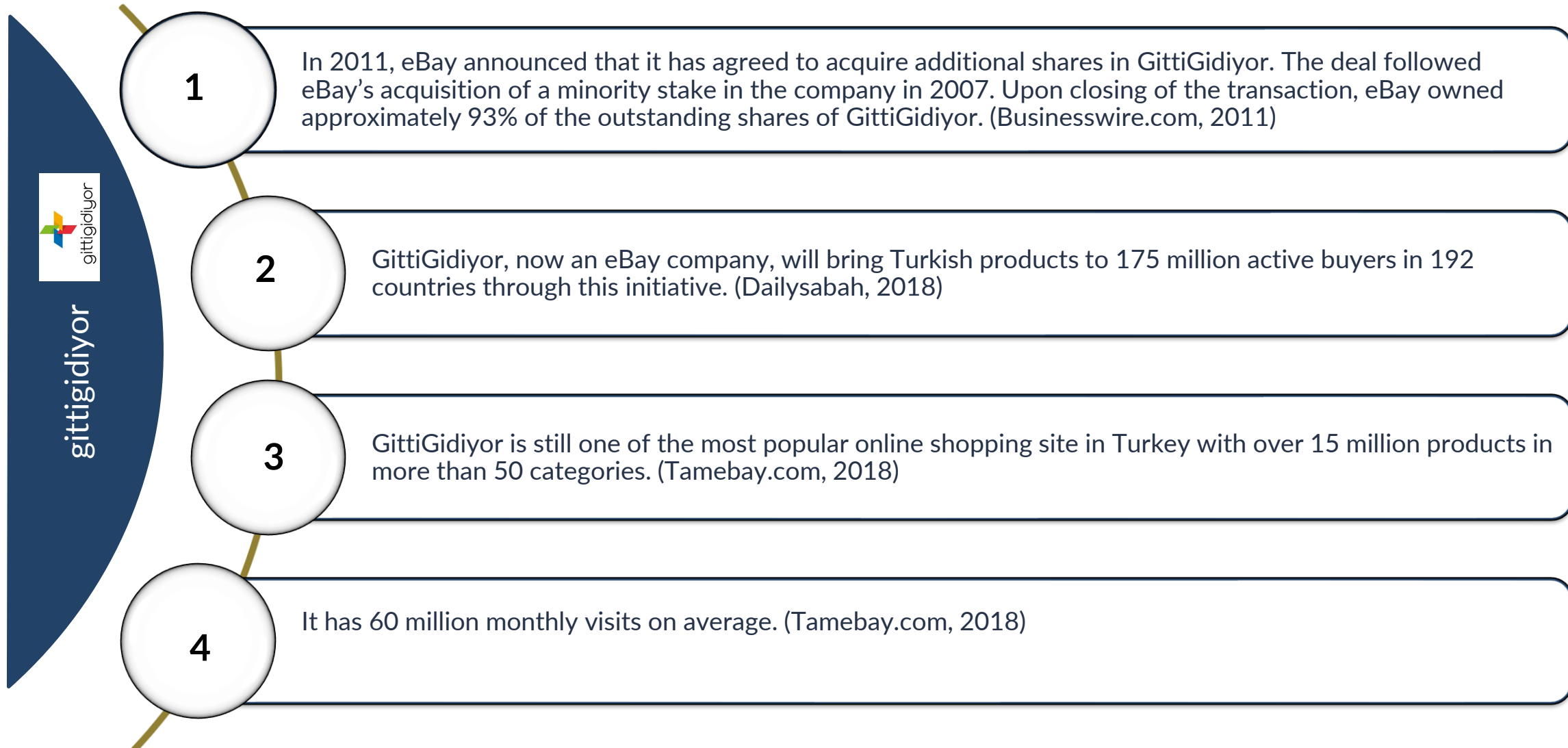
Source:

*: Tamebay.com, 2018



Investors	Investment amount	Year
eBay	Undisclosed	2007
eBay	\$235 m	2011

Some facts about Gittigidiyor



Souq, an Amazon subsidiary, continues its market leadership in Arabian countries such as the UAE, Saudi Arabia, and Egypt



In May 2019 Souq.com UAE became Amazon.ae, and in June 2020 Souq.com KSA became amazon.sa



Founded:
2005



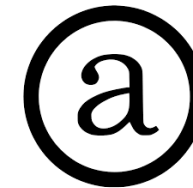
Countries Covered:
Egypt, Saudi Arabia,
United Arab Emirates,
Jordan, and Kuwait



Categories covered:
General e-commerce



Value(2017)*:
\$580 m



Alexa Rank In UAE (Aug 2021):
3



Major Prescence:
UAE, KSA, Egypt



Total Net Sales:**
\$518 m

Sources:

* Based on Amazon acquisition for \$580 m

**ecommerceDB (Souq.com+ Amazon.ae)



Investors	Investment amount	Year
-	\$35 m	2012
Naspers, Tiger Global Management	\$40 m	2012
Tiger Global Management	\$35 m	2013
Naspers	\$75 m	2014
Tiger Global Management	\$275 m	2016
-	\$35 m	2012
Naspers, Tiger Global Management	\$40 m	2012

Some facts about Souq





Founded:
2016



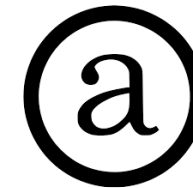
Countries Covered:
UAE, KSA, Egypt



Categories covered:
General e-commerce, Grocery,
Food delivery



Value(2017)*:
\$ 1B



Alexa Rank In UAE (Aug 2021):
22



Major Presence:
UAE,



Total Net Sales:**
\$ 190m

Sources:

* based on \$1 b funding from PIF and other private investors

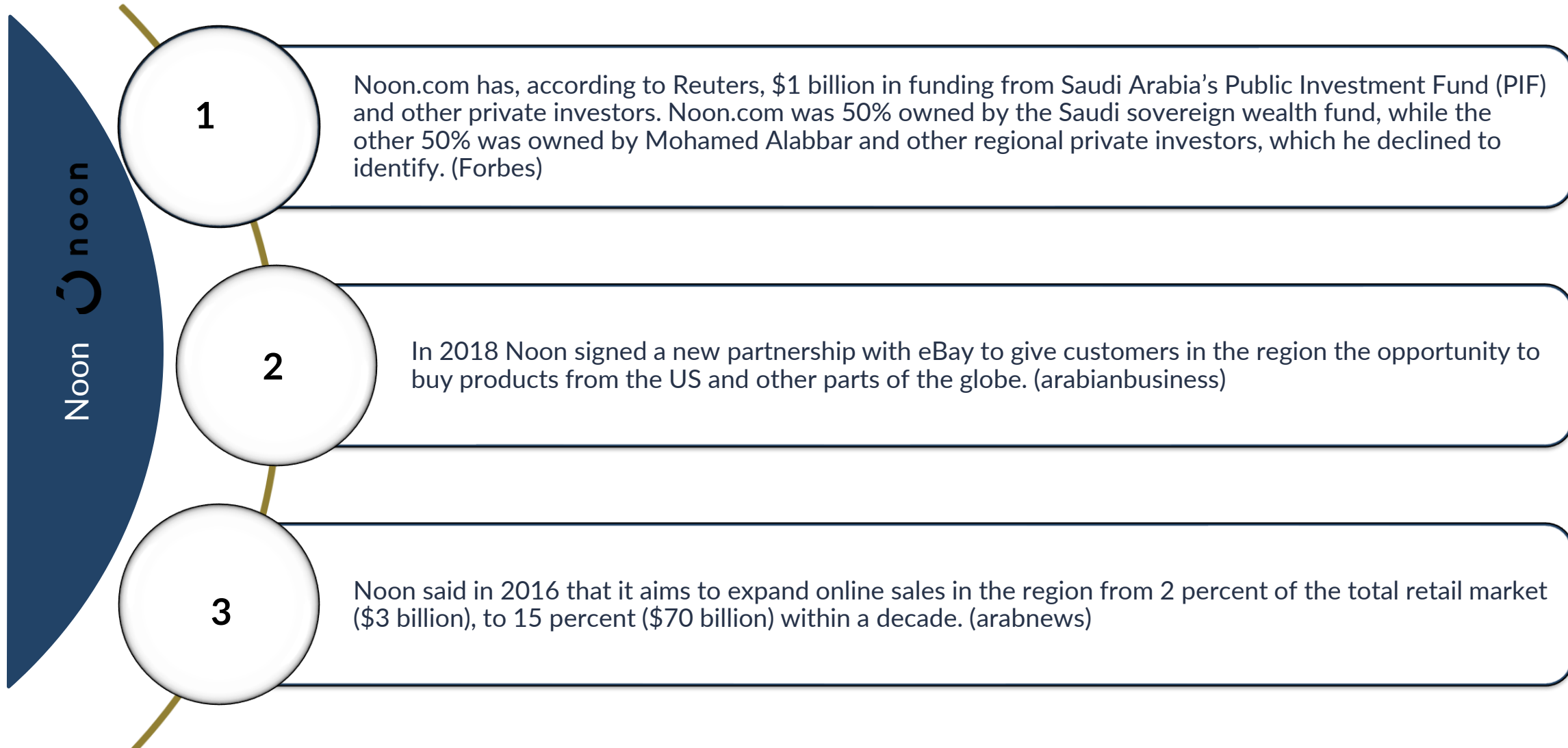
**ecommerceDB



Investors

noon.com is a joint venture between the Public Investment Fund of Saudi Arabia and Mohamed Alabbar

Some facts about Noon



Jarir's e-commerce revenue is still small relative to its total sale, but it is growing fast



Founded:
1979



Countries Covered:
Saudi Arabia and other
arabian Countries



Revenue from retail sector (2020)**
About \$2.4 b

E-commerce Revenue to total commerce revenue in Q1 2021*:**
8%



Categories covered:
consumer IT products,
Electronics, Office supplies
and Books



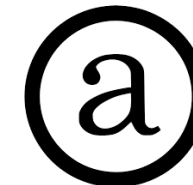
IPO Date:
Feb 24, 2010



Major Prescence:
KSA



Value(Aug, 2021)*:
About \$6.3 b



Alexa Rank In Saudi Arabia (Aug 2021):
35

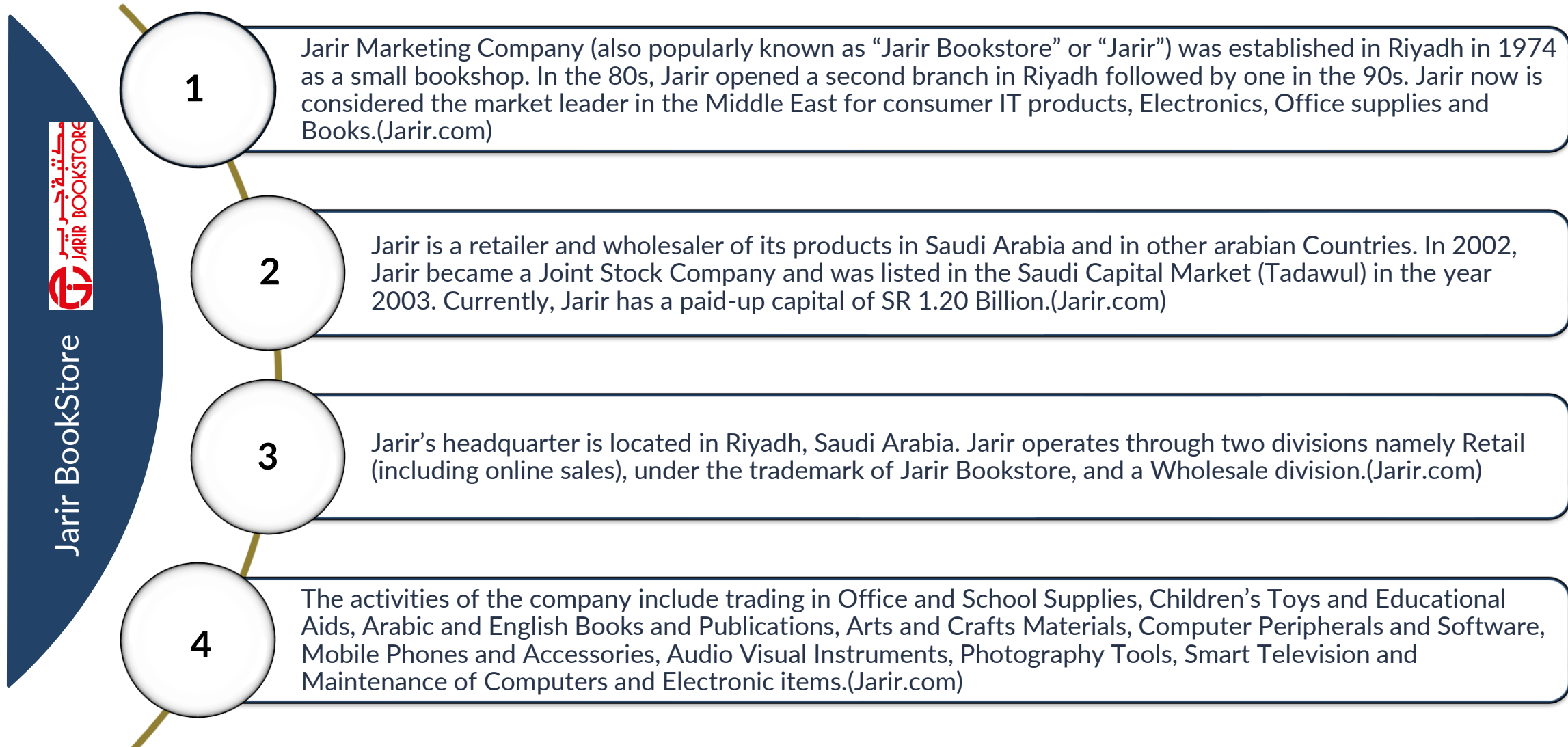
Sources:

*Bloomberg, Aug 2021

**Jarir 2020 Annual report

*** Based on chairman's interview

Some facts about Jarir Bookstore



Alibaba expanded its e-commerce market into south Asia with the acquisition of Daraz



Founded:
2012



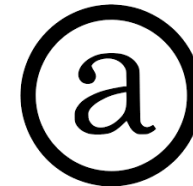
Countries Covered:
South Asian Countries



Categories covered:
General e-commerce



Number of products*:
+10 million



Alexa Rank In Pakistan (Aug 2021):
8



Major Presence:
Pakistan



Number of orders delivered*:
More than 2 million
packages every month*

Source:

* Daraz.com, Aug 2021



Investors	Investment amount	Year
Asia Pacific Internet Group	\$56.3 m	2015
CDC Group, Asia Pacific Internet Group	€50 m	2017

Some facts about Daraz



Jumia is one of the most important e-commerce players among the African countries including Egypt



Founded:
2012



Countries Covered:
14 African countries
(including Egypt)



Revenue**:
nearly \$165 m



Categories covered:
General e-commerce



IPO Date:
2019



Major Presence:
Nigeria



Value(Aug, 2021)*:
\$1.73 B



Alexa Rank In Egypt (Aug 2021):
42

Sources:

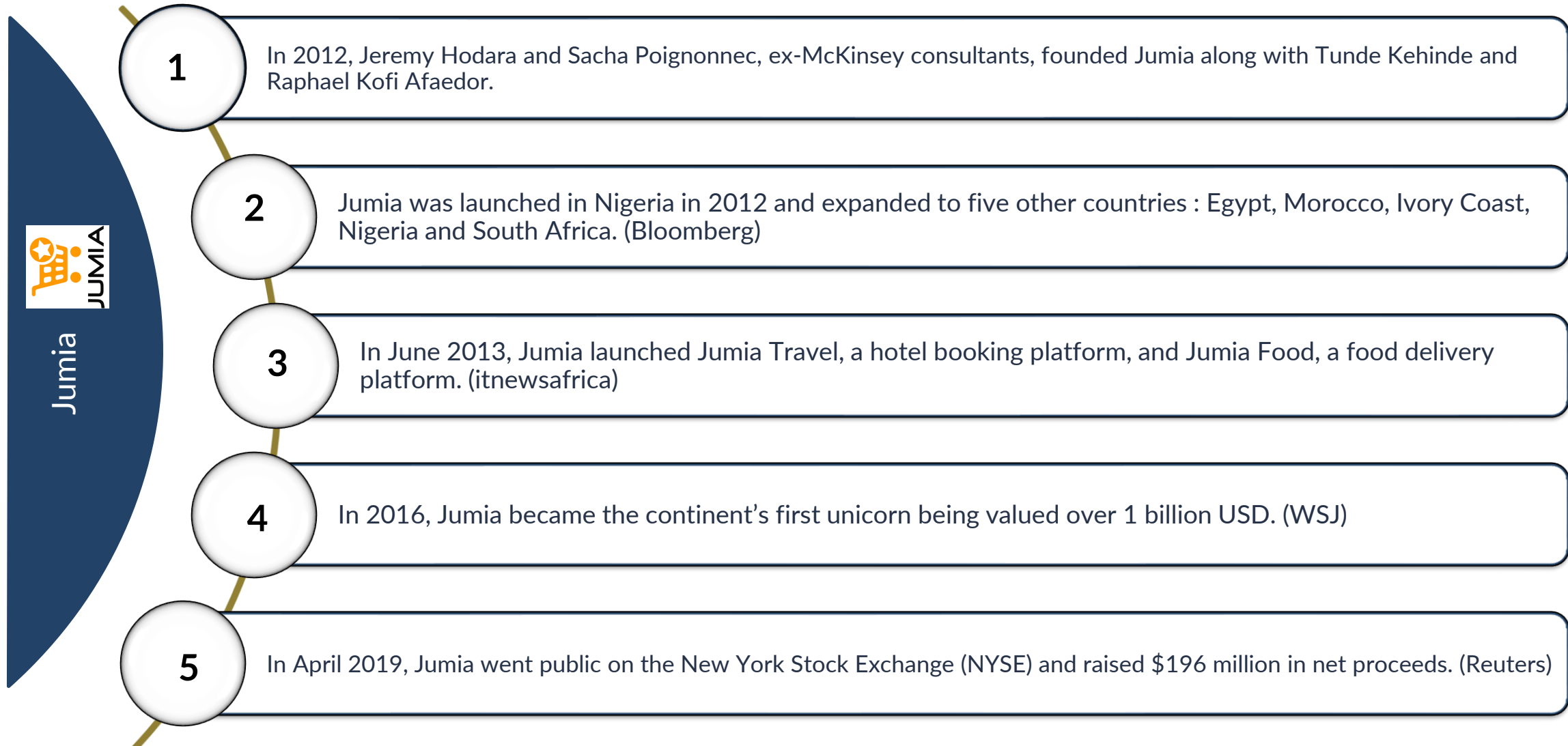
* Yahoo finance

** Jumia 2020 Annual report



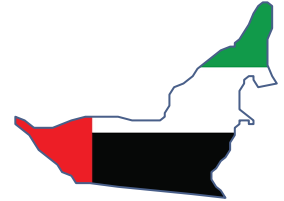
Investors	Investment amount	Year
Blakeney Management	\$40 m	2012
Millicom Systems	\$130 m	2013
-	\$150 m	2014
MTN Group, Rocket Internet	\$360 m	2016
Pernod Ricard	\$84.4 m	2018
Mastercard	\$56 m	2019
-	\$341.2 m	2021

Some facts about Jumia



Namshi's fashion-centric strategy helped them to become one of the most important fashion destinations in the Middle East

نمشي
NAMSHI



Founded:
2011



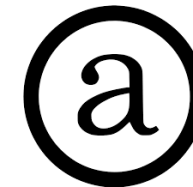
Countries Covered:
UAE, KSA, Bahrain,
Kuwait, Oman, Qatar ,



Categories covered:
Fashion and Beauty



Value(2019)*:
\$264 m



Alexa Rank In UAE (Aug 2021):
138



Major Prescence:
UAE



Revenue(2020)**:
\$358 m

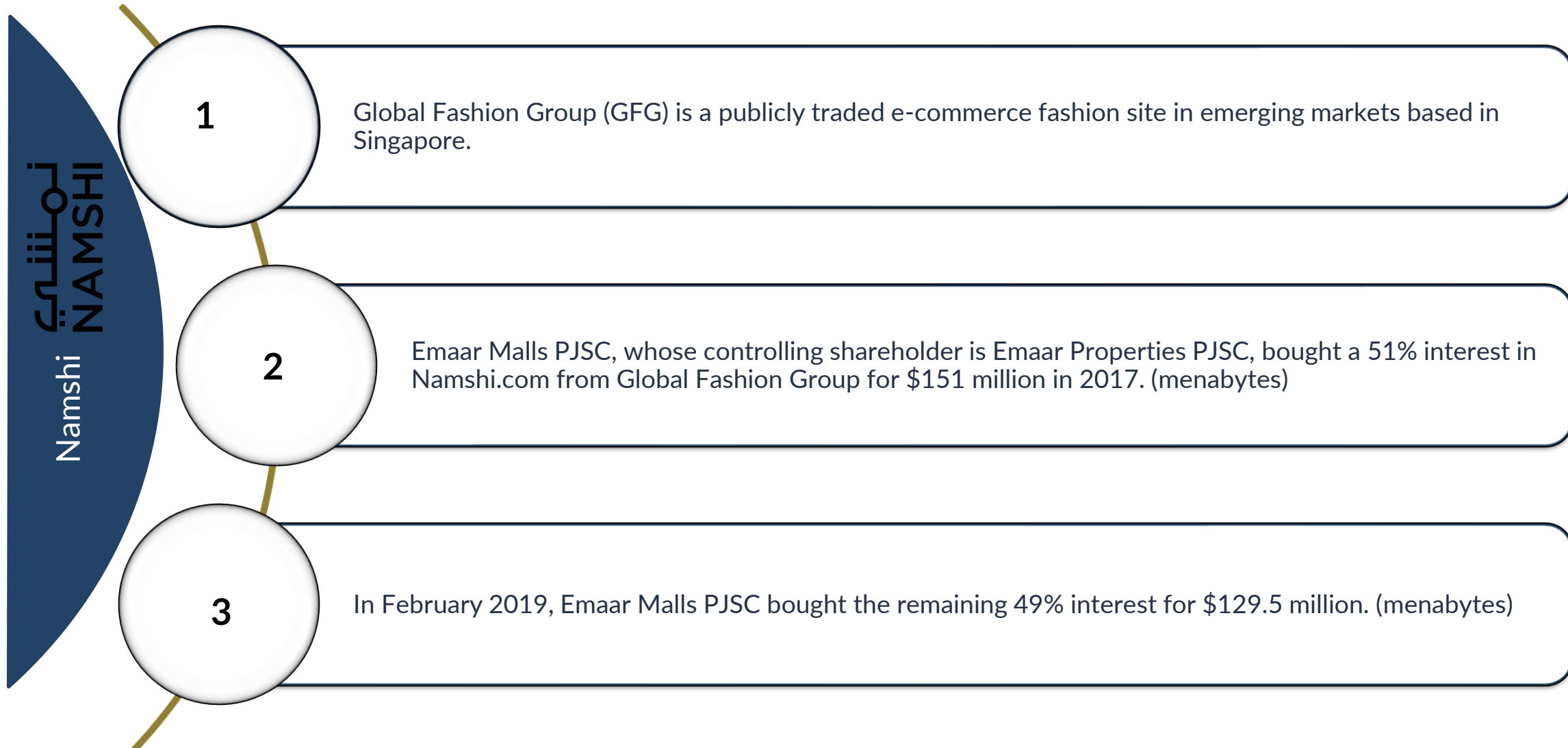
Sources:

* Based on the amount paid by Emaar Mall

** ecommerceDB

Investors	Investment amount	Year
Summit Partners	\$13 m	2013
Blakeney Management, JPMorgan Partners (JPMP)	\$20 m	2012

Some facts about Namshi



Orisdi is still extremely small compared to the e-commerce giants, however, it shows some market potential for the future of Iraqi e-commerce



Founded:
2019



Countries Covered:
Iraq



Categories covered:
General e-commerce



Number of products(2019)*:
30K



Major Prescence:
Iraq



Compound Monthly Growth Rate since launching
23%

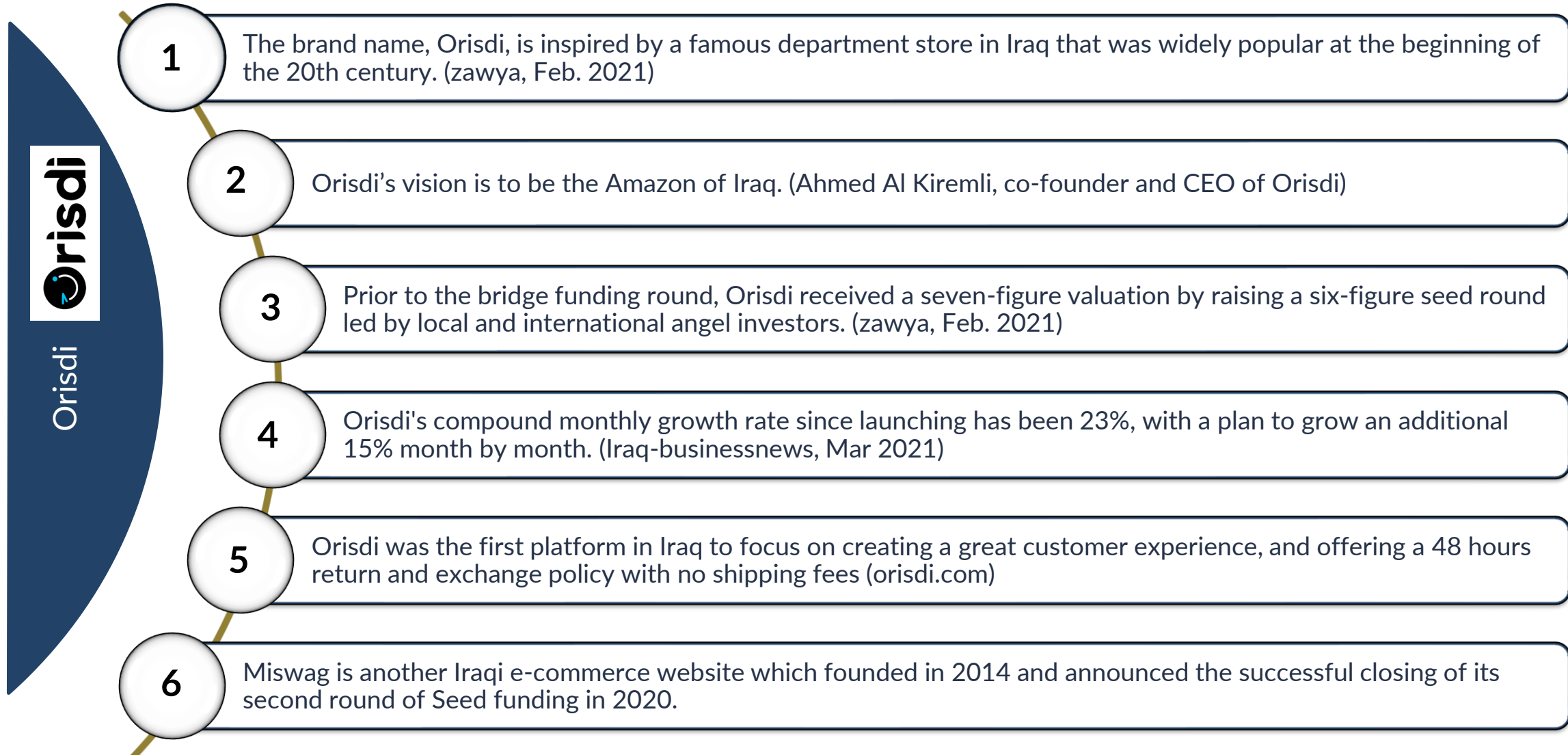
Source:

*magnitt.com, Orisdi press release , Feb 2021



Investors	Investment amount	Year
Innovest Middle East VC, Amar Shubar, Partner at Management Partners Consulting, Omar Al-Handal, Managing director of Al Handal International Group	six-figure bridge round.	2021
Nour Sabri from IBM, Mohammed Shaikley, Kerem Danish from Mr Usta, Ammar Jaafer from Colors, and Ahmed Emad from ITC	six-figure seed round	2021

Some facts about Orisdi





Classified Marketplaces

In this research, the focus was mainly on the e-commerce platforms in the region. Yet, an increasing number of classified platforms are trying to become marketplaces. As some of them attract huge user traffic, they have the potential to threaten classic e-commerce business models. We included Divar, OLX, Sahibinden, Opensooq, Dubizzle, and Haraj as they are the largest classified platforms in the region and demonstrate the potential of this kind of business model in the realm of online commerce.

Classic classified platforms, increasingly, are transforming themselves into marketplaces

Steps classified platforms take to become full-fledged marketplaces:



Phase	Revenue		Store Profile	Buy button	Financial Services* (Escrow payment, Credit, Installment, ...)	Delivery Service	After-sales Services (Return policy, Seller response, ...)
	Ad	Fee					
Classic Classified	✓	✗	✗	✗	✗	✗	✗
Digital Storefront	✓	✗	✓	✗	✗	✗	✗
Toward Transaction Model	✓	✗	✓	✓	✓	✗	✗
Toward Marketplace Model	✓	✗	✓	✓	✓	✓	✗
Full-Fledge Marketplace	✓	✓	✓	✓	✓	✓	✓

* At least one of the financial services is offered

With the conspicuous presence of third-party stores and adding complementary services such as escrow payment, Sahibinden has taken a major step towards becoming an e-commerce marketplace

sahibinden.com



Founded:
2000



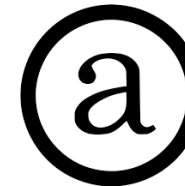
Number of users*:
More than 62 million



Business Model:
Classified



Monthly Unique Visitors*:
21 million



Alexa Rank In Turkey (Aug 2021):
5



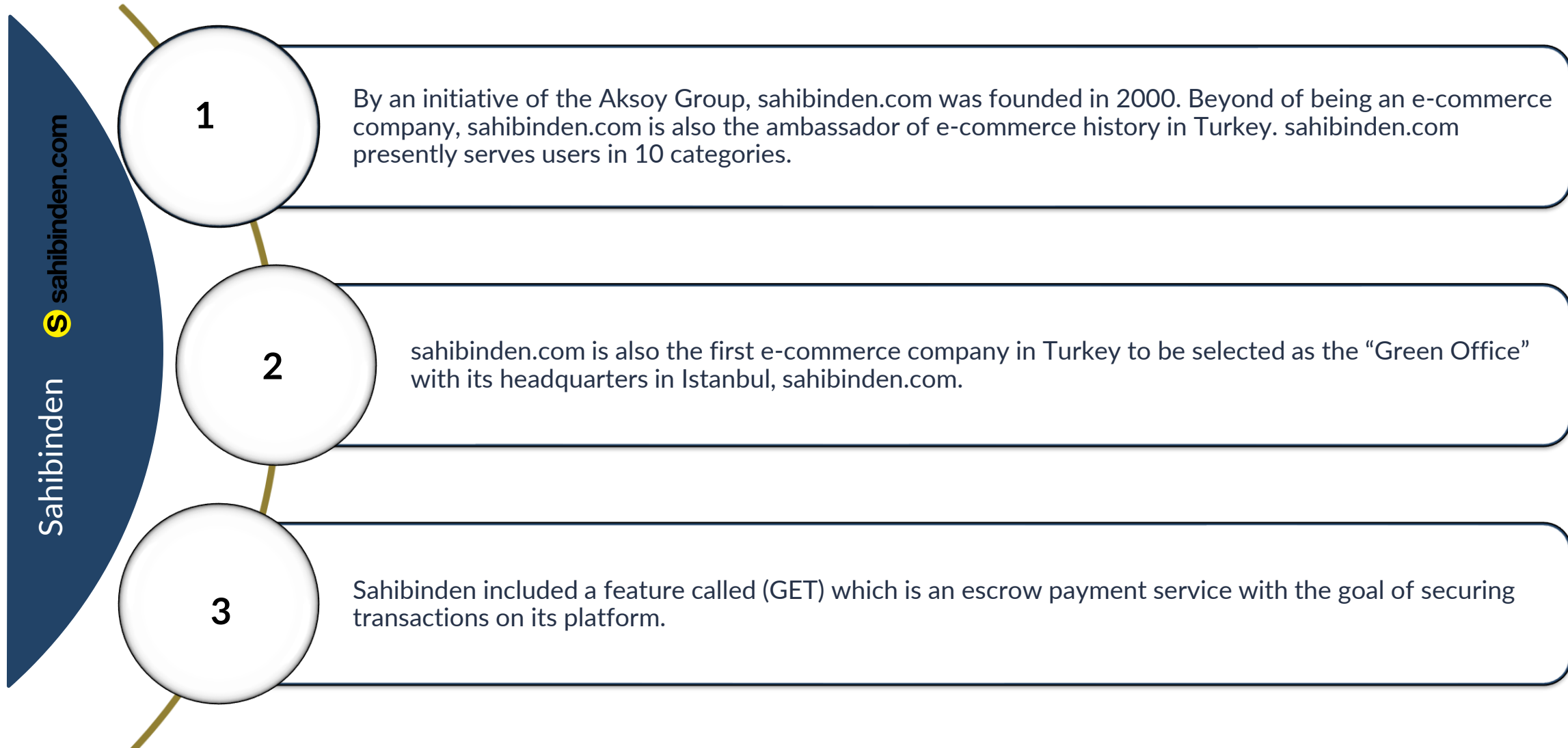
Countries Covered:
Turkey



Average Visit duration*:
14 minutes

Source:
* sahibinden.com

Some facts about Sahibinden



With the completion of its newest round of fundraising, Opensooq is looking forward to securing its foothold in strategic markets such as Saudi Arabia and the UAE



Founded:
2000



Countries Covered:
19 countries across the
Middle East and North
Africa



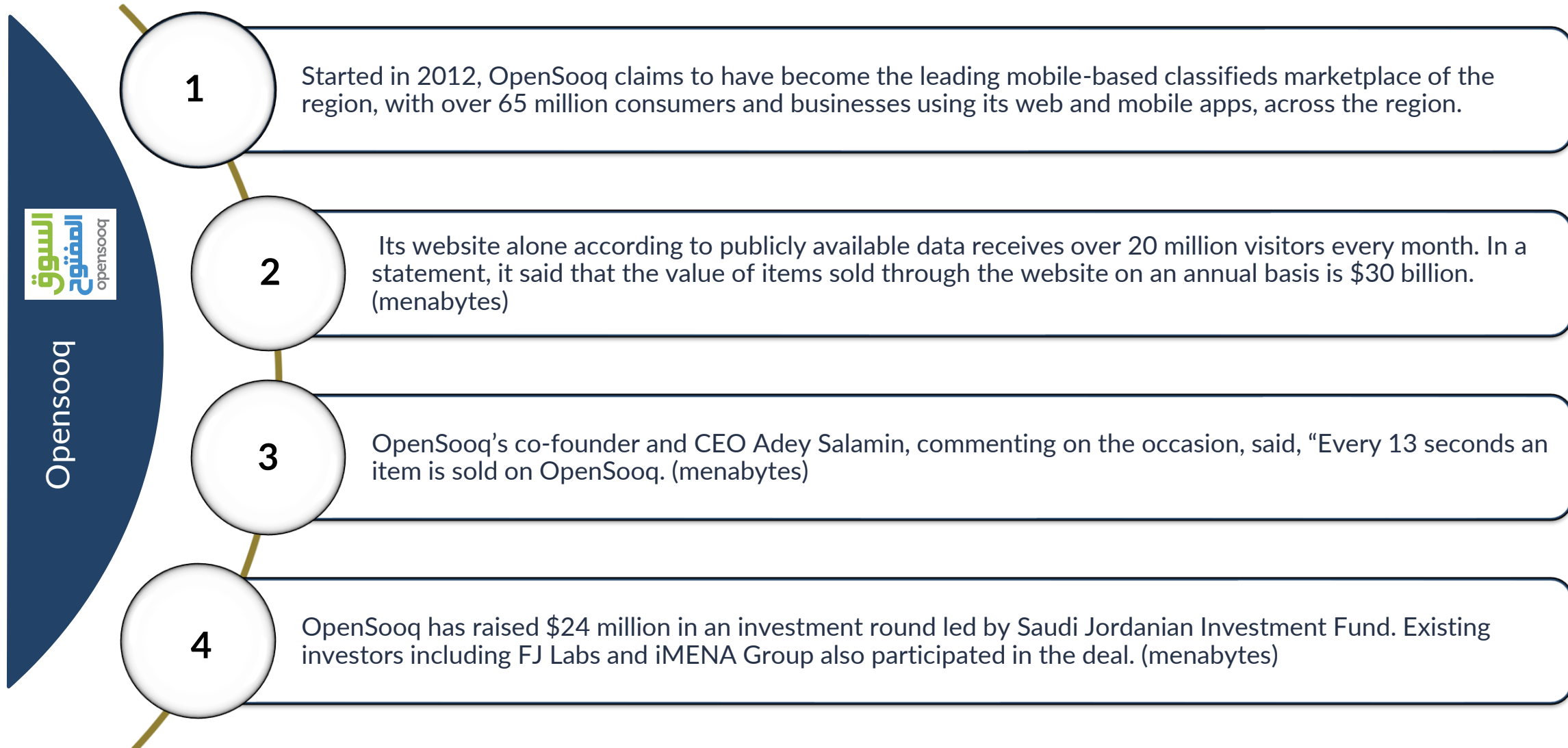
Business Model:
Classified



Monthly Unique Visitors*:
21 million

Source:
* sahibinden.com

Investors	Investment amount	Year
Saudi Jordanian Investment Fund	\$24 m	2021





Founded:
2007



Total Monthly Visit (Jul, 2021)
34.3 million



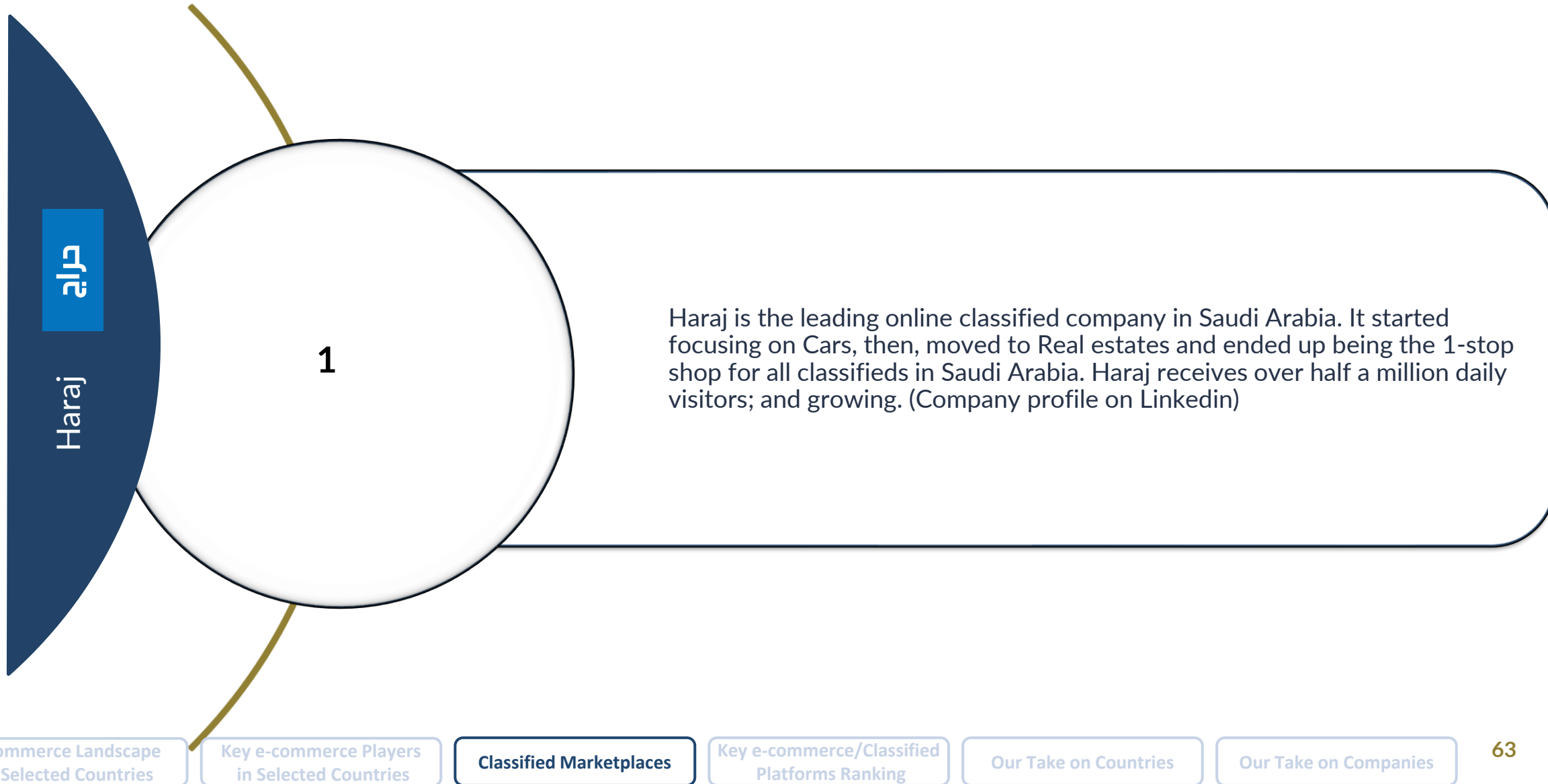
Business Model:
Classified



Countries Covered:
KSA, UAE, Kuwait



Alexa Rank In Saudi Arabia(Aug 2021):
5



دیوار



Founded:
2012



Number of Ads*:
129.5 million



Business Model:
Classified



Monthly Unique Visitors*:
24.31 million



Alexa Rank In Iran(Aug 2021):
8



Countries Covered:
Iran

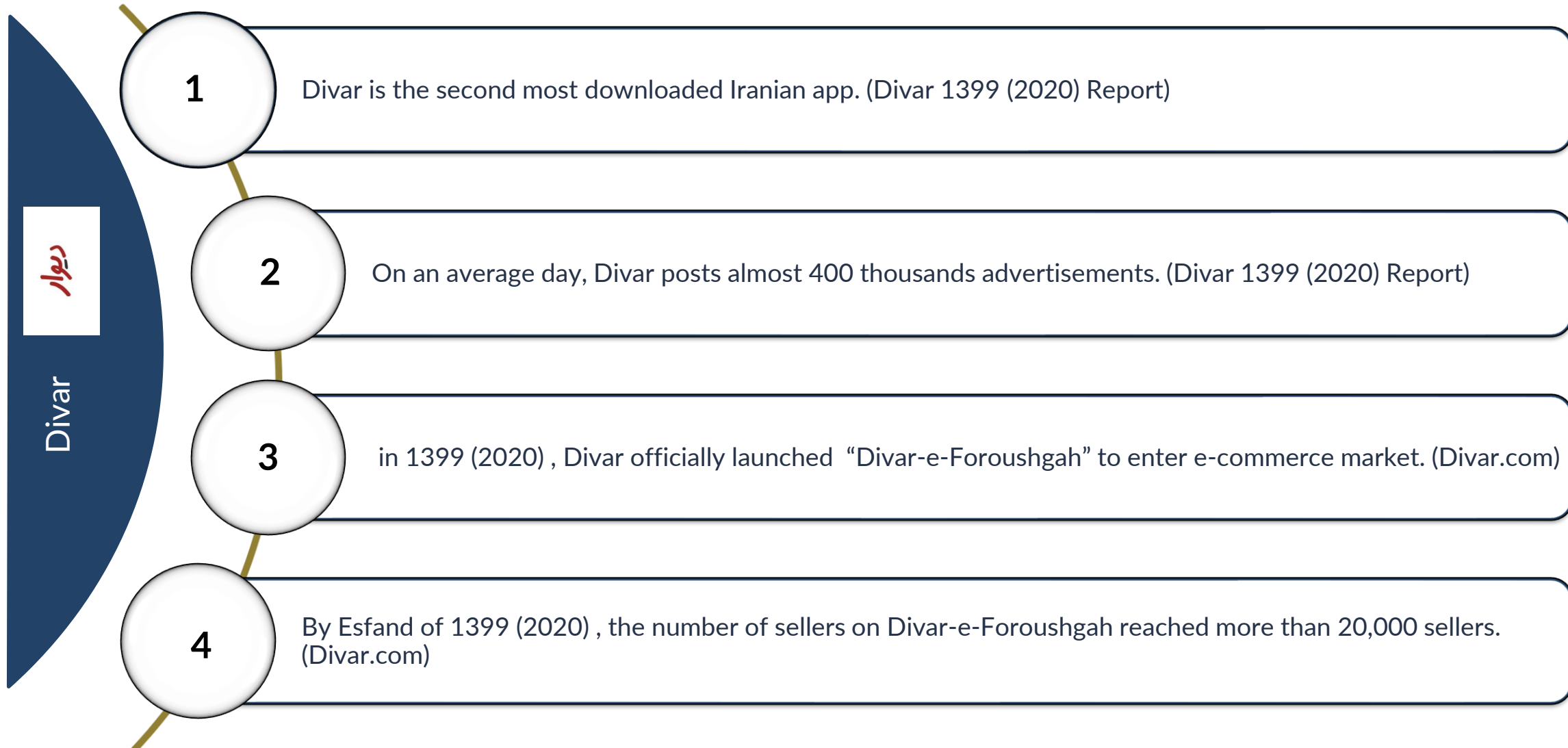


Number Active Downloads*:
44 million

Source:

* Divar 1399 (2020) Annual Report

Some facts about Divar



OLX Pakistan, as one of OLX's subsidiaries, has ventured into becoming a full-fledged e-commerce



Founded:
2006



Countries Covered:
More than 30 countries
including Pakistan, Egypt,
Saudi Arabia and Turkey



Business Model:
Classified



Revenue*:
\$ 1599 million

Source:

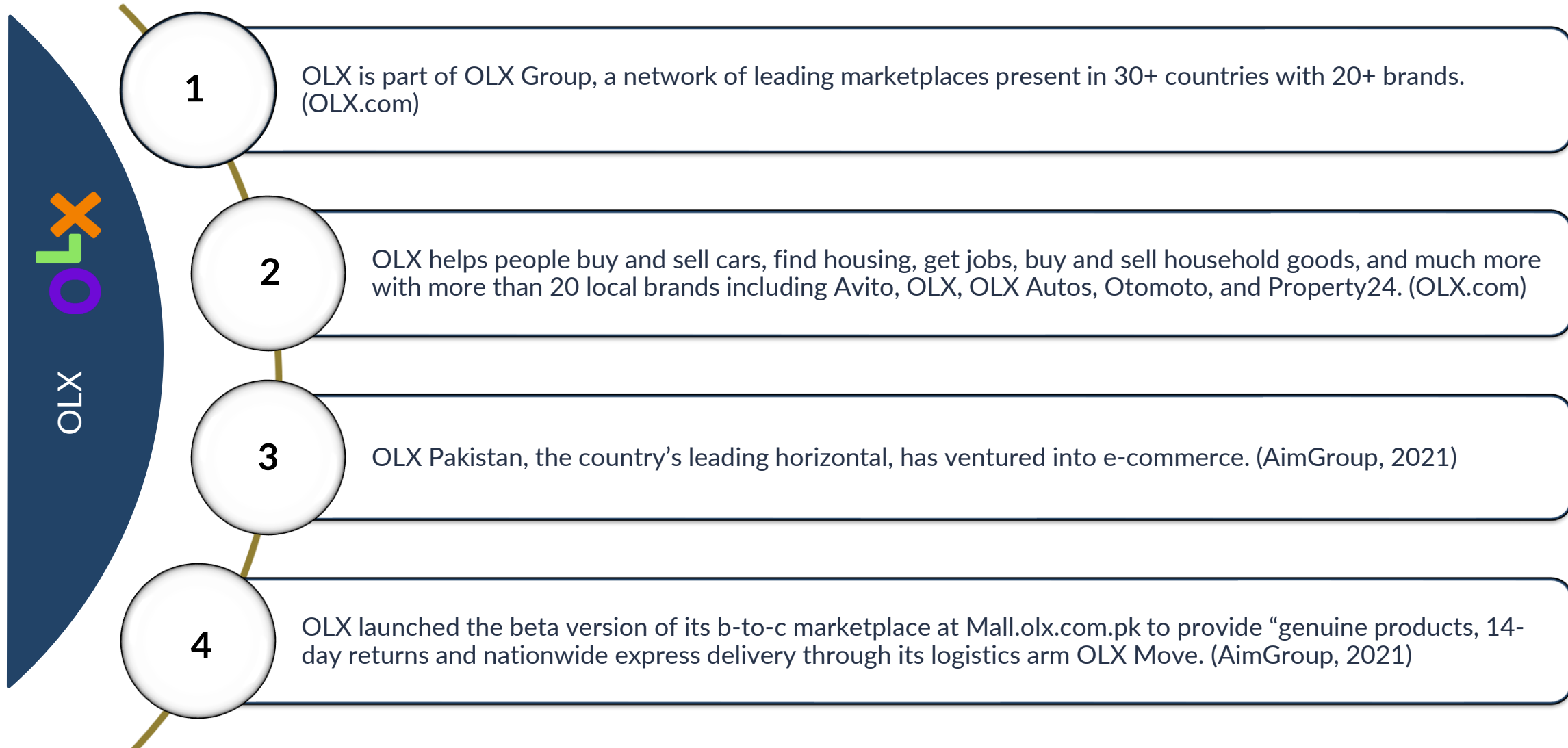
* Prosus 2021 Annual Report, OLX Group Revenue



Investors

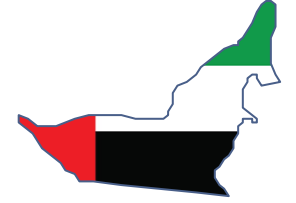
OLX is owned by Prosus, the international assets division of the South African multinational Naspers.

Some facts about OLX



Dubizzle was fully acquired by Naspers at a value of \$400 million in 2019

dubizzle



Founded:
2005



Value(2019):
\$400 million



Business Model:
Classified



Total Monthly Visit (Jul, 2021):
6.10 million

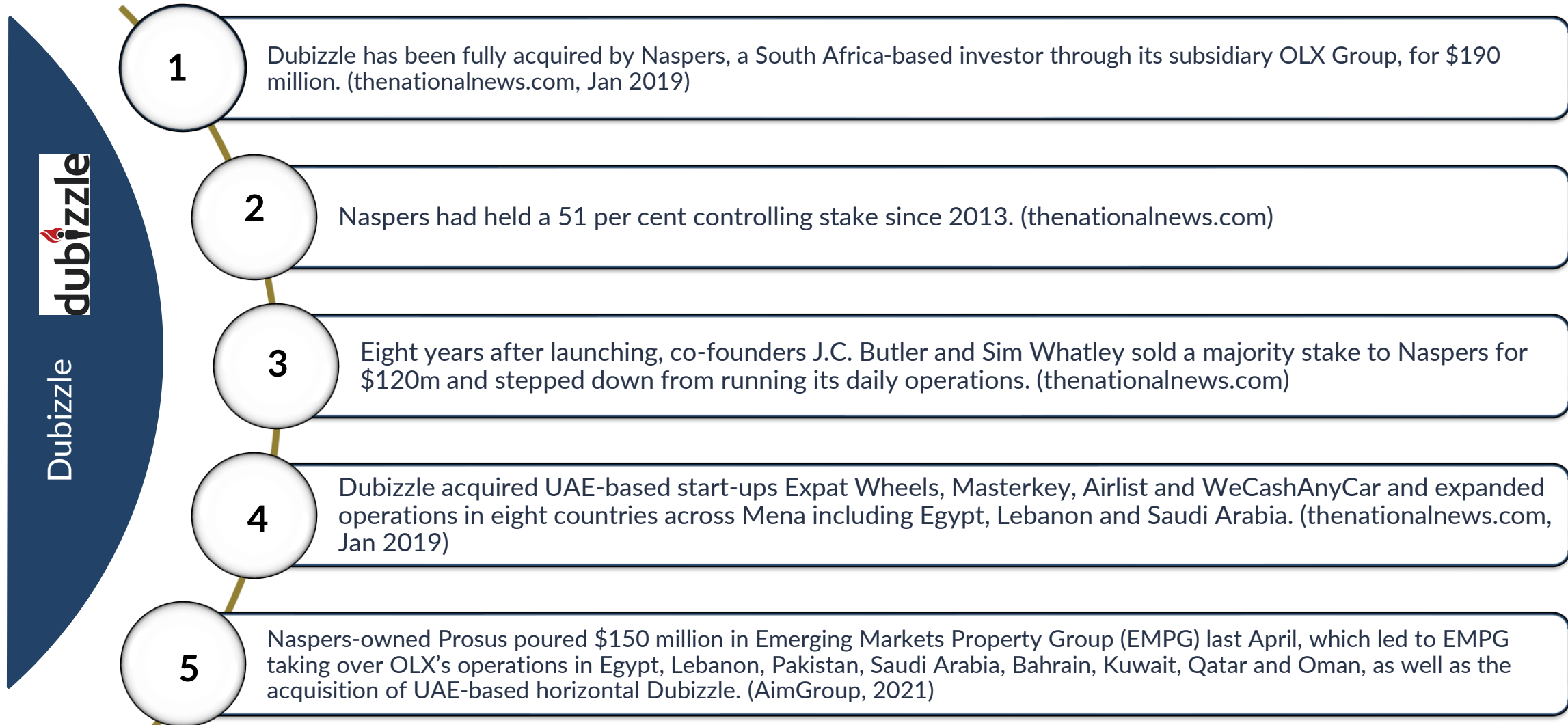


Countries Covered:
UAE and eight countries
across MENA



Alexa Rank In UAE (Aug 2021):
10

Some facts about Dubizzle



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Key e-commerce/Classified platforms Ranking

Digikala is the fourth most visited website among e-commerce and classified platforms in the region after Trendyol, Sahibinden, and Hepsiburada

#	Name	Headquarter	Total Visits (M)	Most Visits	Second Most Visits
1	Trendyol	Turkey	195.65	96.94% from Turkey	1.29% from Azerbaijan
2	Sahibinden*	Turkey	133.18	98.34% from Turkey	0.34% from Germany
3	Hepsiburada	Turkey	95.30	97.98% from Turkey	0.28% from the USA
4	Digikala	Iran	64.24	93.14% from Iran	
5	N11	Turkey	44.88	98.82% from Turkey	0.18% from the USA
6	Opensooq*	Jordan	35.41	29.55% from Saudi Arabia	11.96% from Jordan
7	Haraj*	Saudi Arabia	34.29	94.47% from Saudi Arabia	0.92% from the USA
8	Gittigidiyor	Turkey	31.38	98.44% from Turkey	0.29% from the USA
9	Divar*	Iran	24.13	94.68% from Iran	
10	Amazon.ae	UAE	22.16	75.14% from UAE	3.07% from turkey

Source: Similarweb, Jul. 2021

* Classified Platforms

The rest of e-commerce/Classified platforms ranking in selected countries

#	Name	Headquarter	Total Visits (M)	Most Visit from	Second Most Visit From
11	Noon	UAE	17.55	42.51% from the UAE	37.79% from Saudi Arabia
12	Jarir	Saudi Arabia	12.16	87.11% from Saudi Arabia	2.86% from Egypt
13	Daraz.pk	Pakistan	8.95	90.69% from Pakistan	1.35% from USA
14	Souq	UAE	8.58	89.38% from Egypt	2.43% from Saudi Arabia
15	Amazon.sa	UAE	7.54	83.19% from Saudi Arabia	2.64% from china
16	OLX.com.pk*	Pakistan	7.45	94.13% from Pakistan	1% from the USA
17	Dubizzle	UAE	6.10	86.77% from the UAE	2.68% from India
18	OLX.com.eg*	Egypt	5.69	85.49% from Egypt	5.15% from Saudi Arabia
19	Jumia.com.eg	Nigeria	3.73	93.09% from Egypt	1.41% from the USA
20	Namshi	UAE	2.79	40.39% from Saudi Arabia	34.75% from the UAE

Source: Similarweb, Jul. 2021

* Classified Platforms

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Our Take

Countries

It seems **Alibaba**, the giant e-commerce player, is looking to Turkey as a **strategic gateway to Europe** and securing its foothold there. Turkey, besides its market potential, facilitates the presence of international e-commerce players in Europe. Giant e-commerce players such as **Alibaba, Amazon, eBay, and SK group of Korea** are directly or indirectly present in **Turkey**.



The UAE is becoming the hub of multinational e-commerce players, which are determined to have a strong presence in Arabian countries' markets and gain a foothold in Africa from the Middle East

Noon, Sooq (acquired by Amazon), and Namshi are vying to gain and increase their market shares in **strategic markets of Arabian countries** beyond their home turf, the UAE. It is also plausible to see them **extend their reach in Africa** in the foreseeable future and become fierce competitors of players such as Jumia.



Though the **Pakistani e-commerce** market is still nascent, it is of **strategic value for Chinese giants** such as **Alibaba**. As well as the potential market of Pakistan with around 200 million population, it can act as a **strategic distribution chain** in the international supply chain of companies such as **Alibaba** through its international leg, **AliExpress**. Alibaba owns the majority share of **Daraz**, the biggest Pakistani e-commerce player.



The viable cross-border market for Iranian players seems to be the Iraqi market

Based the presence of well-established e-commerce players in **countries such as Turkey and the UAE** and their ongoing plans to expand beyond their home turfs, Iraqi market seems more attractive for **Iranian players** to enter.

Iraqi e-commerce players are still in their **nascent phases** and cannot pose competitive threats to multinational players. Furthermore, the Iraqi market size is large and this makes this market more attractive. On the other hand, there are serious downside risks in this country in terms of infrastructure, security threats, and political stability that should be well heeded in advance.



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Our Take

Companies

Almost all of the main e-commerce companies have been backed by knowledgeable foreign investors or global e-commerce players

To have any chance for success, local e-commerce players should **leverage sophisticated technology and know-how** and **scale fast**. Thanks to their expertise and financial resources, Global e-commerce players and investors are the **best options to help local players**. This way, they bridge the knowledge gap and secure financial resources. Besides, by forming strategic relationships with international players, local e-commerce players can connect to the global network built by each international player.



Household names such as **Amazon** and **Alibaba** along with **venerable technology investors** want to secure their foothold in the region. Two of the salient benefits are:

1. They can tap into the potential of regional markets and **expand their reach**.
2. Success in e-commerce tends to **favor bigger and more connected players**. Global e-commerce players are building a **robust and connected worldwide supply chain** through the **hub and spoke model**. They need local hubs in different regions of the world. As we saw previously, the countries such as **the UAE** and **Turkey** have been chosen to play this role. Main e-commerce players in these countries, such as Trendyol, look beyond their local markets.

Usually, this presence has been realized **through acquisitions** or **partnerships**. Amazon acquired Souq, Alibaba acquired Trendyol, and eBay acquired Gittigidiyor. Also, Noon has formed a **strategic partnership** with eBay to cover the region. We see almost no successful direct attempt to build an e-commerce player by global players. The most notable case was Amazon which entered the Turkey market in 2018, which **has not been a successful initiative yet**.



The region has already witnessed a **number of important deals**. As it was mentioned before, e-commerce success usually comes with scale. The business **scale** helps e-commerce platforms both with the **reduction in cost** and **increased engagement** for users. Therefore, it is expected of these players to feel the need for **huge financial resources**. Consequently, as this scene matures, we expect mergers and acquisitions with the goal of **raising the competitiveness** of these players. Besides M&As, another way is **getting listed on stock markets**. Recently, Hepsiburada, the second-largest e-commerce player in terms of monthly total visits in Turkey went public on **Nasdaq**, one of the well-known stock markets in the world.



Classic classified platforms have felt **the need for change**. Thus, through a series of trial and error, an increasing number of them are adding additional services with the goal of **entering the realm of transaction**. This means they do not want to be just advertising providers. Leveraging their huge **brand awareness** and **network effects**, they hope users will stick around.

Classic classified platforms move toward the marketplace model by providing **complementary services** and **more supervision** on interactions to build mutual trust between sellers and buyers. As a consequence, this new trend blurs the existing boundaries between classified marketplaces and e-commerce marketplaces. The jury is still out on how much **threatening** this new business transform is for classic e-commerce platforms. In the end, it is the **total customer experience** including the service levels (such as the quality of complementary and aftersales services) and mutual trust levels which identifies the outcome of this new battle.

The logo for sahibinden.com features a yellow circle with a black 'S' inside, followed by the text 'sahibinden.com' in a bold, black, sans-serif font.The logo for 'السوق المفتوح' (OpenSooq) features the Arabic text 'السوق المفتوح' in green and blue, with 'opensooq' in a smaller, grey font below it.



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