

December 07 2012 | Last updated 2:21 December 07, 2012

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First Middle East Retail forum opens

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Shares opportunities and challenges of Middle East retail industry

By Sarah Algethami, Special to Gulf news
Published: 18:45 December 5, 2012

GULF NEWS

Dubai: Online retail and specialty stores are growing in the Middle East and North Africa region, according to experts at a retail forum here.

Senior retail industry experts from the Middle East discussed challenges and opportunities in the industry yesterday in Dubai at the first Middle East Retail forum.

The two-day forum aims to encourage retailers to share ideas and work together.

More consumers in the Middle East are buying online, especially in the UAE and Egypt, according to according to Hussain Doughan, Regional Manager of Euromonitor International for Mena and Turkey. The online retail market in the UAE is valued at \$263.1 million, according to statistics provided by Euromonitor International using Passport, an online research market tool.

Online credit card usage is also rising. Doughan said that today, slightly less than 50 per cent of consumer transactions in the UAE are by cash, which is a big shift from 80 per cent in 2009.

On a global scale, the products with highest sales are media products, such as videos and music, followed by apparel, consumer electronics and grocery products. However, in Mena, the top three products sold online in 2011 are beauty and personal care, apparel, and consumer electronics, according to statistics provided by Euromonitor International.

Many consumers in the Middle East are buying online despite low internet penetration and poor infrastructure, which will improve, according to Doughan. There is also the issue of online security among consumers in the region, he said. Consumers do not feel safe about paying online.

“Companies should introduce payment options for consumers [who are] at home buying online, [such as] cash on delivery and partnering with payment platforms, like Paypal,” he said.

Specialised stores are increasing in the UAE, especially those selling organic food, according to Doughan.

The market for speciality products in the UAE is worth \$2.043 million in 2012. In 2011, it was worth \$1.95 million, according to Euromonitor

Healthy food, specifically organic food, is a growing consumer trend, said Vishal Pandey, Principal Consultant of Glasgow Consulting Group. Grocery stores in the UAE are also beginning to provide

speciality products. Demand for organic food in Geant Hypermarkets has seen “an increase of 8 to 10 per cent” from 2011 to 2012, according to Mohammad Ashfaq, Group Head-Business Development of Geant in the GCC, said. He has also seen a drop in demand for frozen products.

Other trends in the region’s retail industry include entertainment for families and children, luxury stores, electronics, specifically mobile phones, and package deals, Pandey said.

The forum was also encouraging retailers to use loyalty cards, which can improve their relationship with customers, Taneja said.

According to Taneja, retailers in the Middle East are working independently and the industry lacks “connected growth”.

Sarah Algethami is a trainee at Gulf News.