

Egypt E-Commerce Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Egypt e-commerce market is expected to register a CAGR of 19.43% during the period. Egypt's e-commerce business is primarily driven by rising internet penetration, improved infrastructure, and an increased number of online shoppers.

Key Highlights

The Egyptian market boasts the region's highest population of internet users. Egypt's Internet penetration is predicted to reach 53.5 million in 2019, with 8% of them using the Internet on a regular basis. Electronics, entertainment, airline tickets, and fashion are the most common internet transactions.

Most businesses began operating remotely in 2020, as a new disease struck the world and forced social isolation. This has accelerated the process of strengthening the digital transformation and prompted the Egyptian government to take additional steps to ensure a smooth but successful transition and propel Egypt to become a regional leader in the telecommunications and IT industries.

The Information Technology Industry Development Agency (ITIDA) was founded by Egypt's Electronic Signature Law 15 of 2004 to operate as the e-signature regulatory authority and to promote Egypt's information technology sector. The government launched the e-signature service in 2009, allowing both public and private businesses to provide e-signature authentication.

However, e-commerce in Egypt confronts various challenges: there are only about 10 million credit/debit cardholders. Hence 80 percent of e-commerce in Egypt relies on cash for delivery. However, credit card issuance is increasing at a pace of roughly 40% per year, indicating that cash needs may decrease.

Most businesses began operating remotely in 2020, as COVID-19 struck the world and forced social isolation. This has accelerated the process of strengthening the digital transformation and prompted the Egyptian government to take additional steps to ensure a smooth but successful transition and propel Egypt to become a regional leader in the telecommunications and IT industries.

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Egypt E-commerce Market Trends

Adoption of Online Mode of Purchasing

Egyptian e-commerce enterprises are increasing, and the local market is expanding, particularly in specialist areas. The Egyptian e-commerce business has exhibited activity in recent years, with a rising number of new e-commerce start-ups. The survival rate or rapid, continuous growth of many start-ups is sometimes precarious and prone to high turnover.

Small-scale retailers are increasingly turning to online grocery purchasing. Knockmart, founded in 2014, is a unique Egyptian online grocery chain that has quickly evolved to become one of the region's largest of its kind. It is Cairo17's first entire online shopping experience, delivering groceries, household goods, and other lifestyle items.

After the pandemic, online buying patterns peaked, increasing by 94 percent, with 80 percent of young Arabs purchasing online. Since the outbreak, 72 percent of Egyptian consumers have increased their internet buying. Consumers are spending more money on virtual experiences (54%).

Furthermore, the Ministry of Communication and Information Technology has launched an ICT policy as part of Egypt's Vision 2030 "Sustainable Development Strategy (SDS)." This plan promotes the sector's growth and contributions to economic growth by promoting projects such as e-commerce and e-government, electronics design and digital manufacturing, and talent and human resource development, among others.

The Egyptian market has the region's highest population of internet users. Egypt's Internet penetration is predicted to reach 53.5 million in 2019, with 8% of them using the Internet on a regular basis. Electronics, entertainment, airline tickets, and fashion are the most common internet transactions. E-commerce in Egypt confronts various challenges: only about 10 million credit/debit cardholders. Hence 80 percent of e-commerce in Egypt relies on cash for delivery. However, credit card issuance is increasing at a pace of roughly 40% per year, indicating that cash needs may be decreasing.

Starting in July 2020, the Ministry of Communication and Information Technology will provide 36 electronic services to private enterprises, including changing company operations, adding board members, and making other necessary changes. Additionally, e-signatures will be permitted to facilitate and speed up a variety of investment transactions and litigation filings.

Growing B2C E-commerce

The growth of e-commerce in Egypt is one of the important markets in the region and one of the promising countries for the development of e-commerce, as it ranks top in the number of Internet users in the MENA region, with more than 50 million users, which enhances the growth of the e-commerce sector locally, and contributes to growing efforts Digital transformation and financial inclusion in Egypt.

The e-commerce market is growing quickly in Egypt and worldwide, as the number of people who do online shopping reached about 1 billion in 2019. It is expected to exceed 2.7 billion users by 2020, nearly a quarter of the world's population.

The current situation in Egypt aligns with the world's adoption of a new strategy commensurate with the rapid developments in the information technology industry. Further, Egypt is implementing several programs and initiatives that stimulate the e-commerce sector and activities.

Some organizations in Egypt, including local companies, provided e-commerce services to the program and provided them with the additional support of 5 percent on their exports of e-commerce products and services.

In 2021, Egypt will provide support to creativity and young creators in the field of electronic commerce and provides the necessary support for local startups, as it has sponsored and supported more than 19 startups working in the field of electronic marketing, representing 16 percent of the total startups set by the authority through a center Technological innovation and entrepreneurship.

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Egypt E-commerce Market Competitor Analysis

The report covers the major international players operating in the Egypt e-commerce market. In terms of market share, some of the major players currently dominate the market. Key major players include Amazon, Btech, LC Waikiki, and Watches Prime. These major players account for a considerable percentage of online sales in the region and actively participate in partnerships and product innovations to gain more market share.

January 2022: Brimore announced that it had raised \$25 million in a Series A fundraising round backed by IFC and Endure Capital. The company intends to use the funds to grow its logistics and operational infrastructure, extend its product catalogs, and expand its network of vendors and suppliers. In addition, the company intends to use the investment to replicate its success in the Egyptian social commerce business in other African markets in short to medium term.

July 2021: Taager announced that the company had raised US\$6.4 million in a seed fundraising round headed by 4DX Ventures. Other investors who took part in the round included Raed Ventures, Beco Capital, Breyer Capital, and some private investors.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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