

Saudi Arabia Ecommerce - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Saudi Arabia Ecommerce Market size is estimated at USD 13.61 billion in 2024, and is expected to reach USD 27.37 billion by 2029, growing at a CAGR of 15.01% during the forecast period (2024-2029).

The market analyzes the revenue generated by selling goods such as food and beverage, consumer electronics, fashion and apparel, beauty and personal care, furniture and home, and others through the online sales channel.

Key Highlights

-Saudi Arabia has a developed economy, and internet penetration is significant in the nation, with the World Bank indicating that over 100% of the population uses the internet. This indicates that the awareness of online shopping is significant and contributes to market growth. The growing advancements in mobile internet technologies, smartphones, and broadband have boosted the adoption of internet-based services.

-Moreover, the growing government aid in boosting the adoption of digital technologies in the nation in line with the Vision 2030 plan is analyzed to contribute to the market growth rate during the forecast period. For instance, in September 2022, the Ministry of Commerce launched ten initiatives to develop e-stores in Saudi Arabia. The ministry stated that the ten initiatives had been set in accordance with the people's suggestions to develop this sector.

-The growing collaborations in the nation are also contributing to the market growth rate. For instance, in 2022, the Middle East's Apparel Group and FSN E-commerce, the parent company of the online fashion store Nykaa, struck a contract to enter the Gulf market. To provide differentiated Gulf Cooperation Council (GCC)-oriented beauty offerings in the United Arab Emirates, Saudi Arabia, Qatar, Oman, Kuwait, and Bahrain, Nykaa will leverage the Apparel Group's retail infrastructure network and extensive market relationships. The GCC is positioned for rapid growth, particularly in the personal care and cosmetics sectors. With the Apparel Group, Nykaa has a significant chance to broaden its core value proposition and accelerate regional offline and online

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retail growth.

-As more individuals in Saudi Arabia use e-commerce for their shopping, this increases the opportunity for scammers to take advantage of vulnerable customers. According to Arabian Business, 93% of financial fraud occurred after the pandemic, which supports the fact that cybercrime activity is rapidly increasing. This is expected to challenge the growth of the market.

-However, consumers' interest in e-commerce also increased significantly post-pandemic. The COVID-19 pandemic significantly increased online product sales due to governmental restrictions, lockdowns, and safety purposes; it became the new normal as companies and customers went digital by offering products and services through e-commerce channels during the pandemic in Saudi Arabia. Restrictions on movement and trade due to the COVID-19 pandemic led to a substantial shift in consumer behavior in the Kingdom, with locals increasingly turning to digital channels.

Saudi Arabia E-Commerce Market Trends

Fashion and Apparel Segment is Expected to Grow Exponentially

- The fashion and apparel segment contributes a significant share of the revenue generated through the e-commerce offerings of the market vendors in the country. The clothing and fashion industries include many textiles and other outfits such as shoes, watches, jewelry, eyewear, bags, and accessories, including products for men, boys, women, and girls. Despite restrictive social norms governing dress and appearance, interest and intent thrive for both men and women.

- The Saudi Arabian Fashion Commission contributed to the nation's sustainability by developing the fashion industry through its 100 Saudi Brands initiatives and establishing the Saudi Professional Fashion Association. This initiative aims to develop 100 Saudi designers and premium brands to expand their businesses. This may increase the demand for e-commerce in the country, as e-commerce can be used to market the products.

- The global fashion e-commerce company has been expanding its market presence in the country, which shows the market potential in the country. For instance, in October 2022, the parent company of omnichannel retailer Nykaa, FSN International, formed a strategic partnership with the Middle Eastern Apparel Group to expand into the Gulf Cooperation Council (GCC) region, which includes Saudi Arabia.

- In March 2023, Amazon made it easy for Saudi businesses to access millions of new customers by offering its global registration system throughout the Kingdom. Along with information on units, inventory, and prices, the seller center would guide sellers in interacting with customers and increasing interaction in various product segments, including the fashion and apparel sectors. Fashion e-commerce companies have been raising funds to increase their market presence in the country's emerging e-commerce market, which may fuel market growth during the forecast period.

- According to the IMF, the country has registered a high individual net income, supported by its high per capita GDP, estimated to grow further. The growth in per capita GDP may increase the purchasing capacity of individuals in the country, which is expected to create an upsurge in demand for the fashion and apparel industries. This is expected to drive the growth of the e-commerce market in the country.

Beauty and Personal Care Segment is Expected to Hold Significant Share

- The beauty and personal care segment includes a broad range of product categories, like cosmetics and fragrances, over-the-counter (OTC) pharmaceuticals, body and hair care products, tissue and hygiene paper, hand sanitizers, etc. Many global skincare companies are expanding their business by implementing e-commerce sales channels to increase their market presence, which may create an opportunity for market vendors.

- For instance, in January 2023, Happier Skincare, an Indian skincare company, planned to expand its business in the country. The

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company may adopt e-commerce expansion in the region, focusing on Saudi Arabia, which retails on several multi-brand marketplaces, including Amazon and its dedicated online store.

- Additionally, the officials of L'Oreal Middle East have stated in a forum that the customers in the country spend comparatively more money on their looks, supporting the market for cosmetics and fragrances as it continues to expand rapidly. These factors may drive the growth of e-commerce for beauty and personal care in the country.

- The country is a significant market for fragrances due to its high per capita income and rich culture. The Saudi Arabian market for high-end cosmetics and perfumes is expanding as the industry aims to appeal to upper-class consumers. For instance, Hermes opened its first fragrance and cosmetics shop in Saudi Arabia in July 2022. The increasing demand for perfumes may propel luxury fragrance brands to go for omnichannel sales, which can fuel the market in the country.

- Startups and small and medium-sized businesses in the Kingdom have taken advantage by entering the internet space and utilizing resources, like social media, to increase sales and broaden their clientele. New e-commerce companies can increase their market presence by opting for various social media platforms to avoid the advertisement expenses of their brands, which may increase the market in the country.

- Consumers in the Kingdom's Gen Z and Millennial generations are becoming more concerned with product ingredients, and there is an increasing demand for cosmetics that are organic, vegan, and made with ethical production practices. In addition, the country has been hosting beauty care product events, including Beautyworld Saudi Arabia, whose 3rd edition was organized in March 2022. These factors may increase the demand for such products in the country and create an opportunity for the e-commerce players in the country.

Saudi Arabia E-Commerce Industry Overview

Saudi Arabia's Ecommerce Market is witnessing a rise in competitiveness among companies. The market consists of various major players, such as Amazon, Haraj, Noon A.D. Holdings Ltd, Namshi General Trading L.L.C., and Aliexpress. In terms of market share, these significant players are presently dominating the e-commerce market in Saudi Arabia. However, with increasing innovations in e-commerce, many companies and startups are increasing their market presence by securing new contracts and tapping new markets.

In May 2023, Amazon inaugurated its latest Fulfillment Center in Riyadh, Saudi Arabia, with the growing e-commerce market in the country. The facility spans 390,000 square feet across five floors that are approximately the size of five football fields. Moreover, the center is expected to store over 9 million products, facilitating Amazon to delight customers with a wider selection of products across electronics, appliances, groceries, fashion, books, and more.

In April 2023, Noon A.D. Holdings Ltd (Noon E-Commerce) introduced Noon One, which provides customers with a simple way to save money on purchases. It has been designed as an upgraded loyalty scheme, which offers members unlimited free delivery on all the app products and encourages them to shop more frequently.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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