

# Chapter 12

## Trends in E-Commerce During COVID-19: A Case of UAE

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### ABSTRACT

*E-commerce is one of the powerful tools in the business environment today. During the COVID-19 pandemic, various transactions like purchasing and selling products and services over e-commerce platforms hiked enormously. At the same time, it posed challenges for businesses to meet consumers' increased demands and expectations. The UAE consumers are enjoying the latest trends in e-commerce, like augmented reality to enhance the reality of online shopping, artificial intelligence, voice search, on-site personalization, chatbots, mobile shopping, multiple payment options, headless, and API-driven e-commerce. This chapter examines the trends and challenges of e-commerce posed by COVID-19 in the UAE and strategies to win the online marketplace.*

### INTRODUCTION

Electronics commerce is the most influential and vibrant marketing tool in the current business map of the world. From a different point of view, the application of this marketing tool more extensively came into existence during the current pandemic because of lockdowns and other restrictions imposed world-wide in the last two-plus years. As a result, the UAE's widespread application of e-commerce platforms, such as Amazon, Noon, Ounass, Sharafdg, etc., has greatly grown its online retail business. Electronics commerce and electronic business are commonly interchangeable words in the business world, which

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is imperatively powered by the Internet. For example, e-tail is recently widely applicable to online retail shopping transactional processes. The simple meaning of e-commerce is buying and selling goods and services or transmitting funds or data over an electronic network, primarily the Internet. These transactions occur as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer or consumer-to-business. E-commerce has changed the way people shop and consumes their requirements. Most people in many parts of the globe are turning to their computers and smart devices to order goods, which can be tremendously enhanced during these pandemic days. This changing trend in the purchasing behavior of the public has forced many retailers to introduce online marketing or e-commerce in their marketing strategy, irrespective of their magnitude. For this changing trend, the existing pandemic situation and aftermath movement restrictions are the major and notable reasons widely considered by many businesses.

The most prominent country in the Middle East and Gulf Cooperation Council (GCC) countries, the United Arab Emirates, a city of malls, also enormously moved from traditional brick-and-mortar retailing to e-commerce due to the absolute development of all kinds of ways and means to design and develop online platforms. Because of all these efforts of the Federal and Emirati governments, the UAE is the e-commerce leader among GCC countries, where the market jumped by 53 percent in 2020 with a record of \$ 3.9 billion in e-commerce sales, which constituted 10 percent of total retail sales (International Trade Administration, 2022) and forecasts to generate \$ 8 billion in sales by 2025.

## **BACKGROUND**

Though much of the dramatic growth in e-commerce was a reaction to Covid-19, and almost 100% of the UAE population enormously access the Internet and mobile phone access, consumers report an increased trust in purchasing products online. Undoubtedly, the current pandemic propels the UAE's e-commerce growth, which is a good sign, especially for the UAE where gradually reopening its economy and slowly lifting restrictions under strict precautionary safety and health measures. Even the middle-east's biggest retailers Carrefour and Lulu Group launched online shopping portals in the UAE. At the same time, e-government services are migrating to online platforms during the pandemic to offer their services, such as utility billing, traffic services, licensing, visa issuance, etc. The London-based professional services multi-national company Deloitte reiterated that the proliferation of e-commerce has drastically changed the global retail market, and significant drivers of e-commerce growth in the Middle East, especially in the Gulf region, would be a high spending potential-owing to a high per capita income, developed transport logistics networks, rising internet penetration levels and a growing tech-savvy youth population (Deloitte, 2018).

Yuldashev (2017) outlined the changes on the horizon for the UAE's online marketing and emphasized that there is no secret that e-commerce is gaining immense popularity by the minute in the UAE and through the GCC, with the retail sector witnessing a steady shift from conventional to a novel mode of shopping. E-Commerce platforms have become a mammoth trend among UAE businesspeople. The industry was anticipated to grow to \$10 billion in 2018. The consequences of development in the sector have translated into various spillover effects, such as new goods and services, higher quality, and advanced technology. Before the pandemic, the UAE was already well established in digital trade (Andreev et al., 2020). The book chapter comprehensively presents the e-commerce situation before and after the pandemic with its significance in the UAE, trends, challenges during the current uncertain conditions,

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