



The Reality of E-Commerce Growth in the World and MENA Region

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Abstract:

This research aims to explore the reality of growth of the e-commerce both within the global economy and in the Middle East and North Africa region. This research focuses on the period preceding the emergence and spread of the corona virus and the period following it, up to 2025 using a descriptive and analytical approach. The study concluded that there has been an excessive growth in reliance on conducting commercial transactions through digital platforms, especially with the emergence of the COVID-19 pandemic and the resulting restrictions on personal movement and lockdown policies, as well as the widespread use of smart phones and mobile devices. Global e-commerce sales reached \$26.673 trillion, equivalent to approximately 30% of GDP. In the Middle East and North Africa (MENA) region, the e-commerce market grew to exceed \$50 billion in 2025. However, the growth rate in the region remains low compared to international standards. The penetration rate in the MENA region reached approximately 5.7% in 2022, compared to a global average of 19%.

Keywords: E-Commerce ; Information and Communication Technology ; Digital Platforms ; Internet ; MENA Region .

JEL Classification Codes: F14, L81, O33 ,O53

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1-Introduction:

The internet or virtual space has created a new economy based primarily on digitization through the revolution in information and communications technology, which is still in continuous development, and the resulting creativity and innovations that have made it very easy to conduct transactions through this virtual world. Information and communications technology has generated many applications in various fields, especially in the economic aspect. One of the outcomes of this development was the emergence and prominence of the concept of e-commerce, which is truly considered a feature of the electronic economy or the digital economy based on the electronic exchange of data, and the buying and selling of goods over the Internet without the physical and direct meeting between the supplier and the consumer. The latter can visit the website of the supplier or the company producing the product or service to order what he wants without directly shopping, purchasing the goods and services, and paying for them in cash.

E-commerce saves both parties time, effort, and money. Consumers can quickly obtain the goods and services they need online and at a lower cost compared to traditional commercial transactions. They can also pay for their purchases electronically through electronic payment systems and means, whether using smart cards, stored-value cards, or electronic checks. These transactions require only a few minutes to complete. The importance and benefits of e-commerce do not stop at the individual consumer; rather, its advantages and benefits extend to companies supplying goods and services and to the national economy.

The success of e-commerce requires a set of components, such as a supportive economic structure, building an information society, and working to reduce technological illiteracy through e-learning and training. This provides a suitable environment for the growth and development of e-commerce. The latter does not grow or develop unless there is a social awareness of the importance of technology and the Internet in commercial transactions. Some countries have achieved great success in this field, while others have failed miserably in building and developing e-commerce. The main factor in this is the availability of the infrastructure and components necessary for adopting e-commerce in the economy.

The nature of online commercial transactions is characterized by a high level of risks and threats, such as privacy, security, and protection of e-commerce transactions, the confidentiality of personal information, as well as the legal, social, and ethical issues related to e-commerce. This has led IT experts to propose numerous mechanisms and methods to ensure the safety, security, and protection of e-commerce transactions, such as electronic data encryption, the adoption of electronic signature systems, the issuance of identity verification certificates, and other methods. On the other hand, e-commerce poses the challenge of imposing taxes on online transactions and determining the tax base for digital products, especially since e-commerce transactions are global and not restricted by specific borders, extending across the global communications network. This presents tax officials in various countries with the challenge of imposing taxes on e-commerce transactions. Accordingly, the following problem can be raised: What is the reality of the development of e-commerce in the world and in the Middle East and North Africa region?

The main question includes the following sub-questions:

- How can e-commerce be defined?
- What are the most important types of e-commerce?
- How has e-commerce evolved throughout history to reach its current form?

- What are the factors that have contributed to the success and development of e-commerce?
- What is the size of e-commerce in the countries of the world and the Middle East and North Africa region?

Research Objectives:

This research primarily aims to analyze and explore the following points:

- To understand the concept of e-commerce as an application of information and communication technology;
- To present the various types of commonly used e-commerce;
- To review the most important factors that have facilitated the growth, development, and spread of e-commerce in various countries around the world;
- To present the size and proportion of e-commerce in the global economy and the Middle East and North Africa region.

Research Importance:

The importance of the research stems from the transformations the world has witnessed due to the widespread use of technology and the massive expansion of the internet, which has shortened space and time. This has resulted in many commercial transactions being carried out without direct interaction between the parties involved. Information and communication technology has allowed these transactions to be carried out over the internet, resulting in lower transaction costs, faster execution, and greater security. Many countries around the world have been quick to adopt e-commerce as part of their domestic and international commercial transactions, and it has come to represent a significant proportion of commercial transactions in many countries.

Research Methodology.

To achieve the research objectives and address the presented problem, we adopted a descriptive and analytical approach, which is appropriate for this type of research. This approach analyzes and presents the size and proportion of e-commerce in the global economy and the Middle East and North Africa region, as well as presenting and highlighting the various factors that have facilitated the growth and development of e-commerce.

2. Definition of E-Commerce

E-commerce is the buying and selling of goods or services over the internet by individuals and businesses. This can be done via a Smartphone app, digital store, social media platform, or online marketplace. (Micah & Walter, 2024, p01)

E-commerce is the exchange of goods and services over the virtual space using a variety of technologies, such as m-commerce, electronic funds transfer, supply chain management, e-marketing, electronic data interchange (EDI), inventory management systems, and automated data collection systems. Contemporary e-commerce generally utilizes the World Wide Web for at least part of the deal life span, despite it may rely on other technologies, such as email. (Martin, 2016, p16)

E-commerce is using the internet to ameliorate corporate performance. Benefits of e-commerce include increased corporate profits, expanded market share, enhanced customer service, and faster product turnover. The term of e-commerce is not limited to ordering goods from an networked catalog; it encompasses all types of electronic interactions between a corporation and its stakeholders, who shape its future. So, term of e-commerce contains transactions such as creating a website to enhance investor links or communicating electronically with prospective students at various universities. E-commerce, therefore, encompasses using of information and communication

technologies to improve communication and transactions with all stakeholders in a company, such as buyers, sellers, government agencies, financial institutions, supervisors, employees, and the general public. (Richard T, Pierre, Leyland F, & George M, 2022, p03)

Some define e-commerce as: doing everything related to buying and selling goods and services over the Internet and the World Wide Web, and this includes: (Martin, 2016, P16)

- Digital retail websites for direct-to-consumer sales;
- Offering products or services on online platform;
- Inter businesses commerce;
- Collecting and analyzing demographic information using web and social platforms;
- Electronic data interchange(EDI) between businesses;
- Participating in the launch of new products and services through retail;
- Marketing to potential and existing customers via digital channels;
- Electronic data interchange(EDI), including: price catalogs, automated sales and purchase-related communications, product inquiries, electronic invoicing, and banking transactions.

3. Stages of Development of E-Commerce

What constitutes the first e-commerce transaction is controversial, with some activity having been observed since the early 1970s. However, the first legal transaction conducted entirely online occurred in 1994, when a friend sold a Compact Disc(CD) to another 300 miles away. From there, e-commerce grew steadily, with Amazon and eBay launching just a year later, followed by PayPal in 1998. Since then, technology has flourished to meet the needs of this new class of shoppers. E-commerce sites like Shopify have democratized the industry, enabling small businesses to engage directly with consumers across the globe. Today's e-commerce is the outcome of integration with social commerce, e-wallets, and artificial intelligence(AI) tools. (Micah & Walter, 2024, p02)

3.1 Electronic Data Interchange Stage

E-commerce first emerged in the early 1970s with innovations such as: Electronic Funds Transfer (EFT) – funds can be transferred electronically from one party to another without a physical intermediary; Electronic Data Interchange (EDI) – used for electronic document transfer between organizations, expanding the scope of electronic transfers from financial transactions to other categories of transaction processing; and the Inter-Organization System (IOS) – a system that replaces humans with machines and allows information to flow between corporations to access the required supply chain management system, allowing the creation of competitive institutions. (Azamat, Rashad, Shahriar, Behrang, & Meera, October 2011, p03)

Companies involved in EDI are referred to as trading partners. In the past, government institutions and large companies were the main users of e-commerce, since implementing EDI required significant investment. Up until the late 1970s, adopting EDI involved buying costly hardware and software as well as setting up direct connections with numerous partners. Even though some companies introduced value-added networks(VANs) to facilitate EDI, the expense of joining these networks has remained a defining characteristic of this method. (Ohene J, 2008, p11)

3.2 The Dot Com Wave Phase, its Fall and Then its Rise

E-commerce has benefited from the widespread use of the World Wide Web, and e-commerce applications have developed significantly since 1995. This period also saw the beginnings of online advertising and auctions, to the point that large and medium-sized companies have established websites for themselves on the World Wide Web. For example, General Motors

has more than 18,000 pages on its website, and more than 298,000 links to the company's products, services, and dealerships. (Jamal & Mahmoud, 2021, p09)

3.3 The Stage of the Renaissance of E-Commerce

The expansion and consolidation of the virtual space, along with business learning from past errors, have fueled the e-commerce boom. The significant growth in the business-to-consumer(B2C) and business-to-business(B2B) sectors has meant that e-commerce sales have begun to grow significantly. To understand the success of the second wave of e-commerce, it is important to comprehend the restrictions of the first boom. The following restrictions identify this wave:

The first wave of e-commerce was largely confined to American companies and was not widespread worldwide. Major international bodies believed that the language of the Internet would be English, and that shoppers would clearly try to utilize American companies that had a physical presence on the World Wide Web.

English was the preferred language for most e-commerce companies, and they adopted one English-language e-commerce website, expecting shoppers from other countries to adopt it. This meant that most consumers who did not use English or who did not feel safe enough to purchase products and services in English did not adopt e-commerce. (Ohene J, 2008, p11)

Several of the original e-commerce companies were started with money from foreign investors who backed great thoughts. Even though the investors understood how to use the internet to improve business operations and reduce deal costs, they had little interest in understanding how these companies generated revenue. Companies believed and relied on the idea that advertising revenue would support their businesses. In fact, advertising departments' limited budgets and their caution regarding the utilize of these online budgets meant that the projected revenues often did not materialize.

Email was traditionally unregulated in the way it was used by companies. While companies utilized email to communicate, it did not have the infrastructure capabilities and could not be read by machines, and thus it was still related with the high cost of bringing in qualified people to read it. Email was also associated with a massive value of spam and unwanted content.

During the late 1990s, the predicted dependence on advertising as a source of income was a trap that several online businesses fell into. The absence of alternative income examples or comprehending of what online advertising actually generates in notions of revenue meant that several online businesses were left without income. (Ohene J, 2008, p12)

3.4 The Second Boom in E-Commerce

The essential features of the second boom of e-commerce can be understood as relying on international reach and expanding participation. Most companies have realized that the virtual space has become a global marketplace and have begun preparing for a global presence in e-commerce. They have begun designing websites in mother languages and tailoring content to domestic markets.

Online companies have become increasingly reliant on their own resources and capital, and considerable effort and attention are being devoted to finding income examples and determining suitable revenue streams. There is also a focus on how revenue is generated. Businesses want to be flexible in how they generate revenue, and they believe that the key to a successful online presence is to respond to recent tendencies. (Ohene J, 2008, p12)

There has been an exponential growth in the many of internet users worldwide, and it's safe to say that majority of countries currently have internet availability, albeit not at the same quality.

However, several internet users in majority of countries at present have broadband connections, which means digital products such as video and music can be sold and exchanged electronically.

There is a much larger focus on the utilize of personalized email strategies. Companies at present employ email to build deeper relationships with shoppers and guarantee timely communication. Today, companies employ a variety of advanced advertising models that are integrated with their e-commerce operations. They have enhanced sophisticated strategies for selling goods distributed with accompanying advertising. (Ohene J, 2008, p12)

3.5 The Improvement Stage

This is the stage of transformation and widespread use of smart phones since 2011. Companies have actively developed various mobile applications and redesigned their websites to ensure that the e-commerce market is safer and provides sufficient convenience for mobile phone users. This depends on the ease of conducting sales, which overtime shifts to e-commerce as the standard for these sales. Digital marketing is experiencing significant growth, especially in the field of Smartphone marketing. (Volvach, 2023, p60)

Since 2020, e-commerce saw tremendous growth due to the COVID-19 pandemic, as more shoppers turned to electronic shopping for their daily requirements. After that, companies have begun adopting augmented and virtual reality technologies to develop the electronic shopping experience. Finally, Artificial intelligence technologies have been used in implementing e-commerce transactions.

4. Types of E-Commerce

Contemporary economic thought literature classifies e-commerce into five main categories according to the nature of the market relationship between seller and buyer.

4.1 Business to Customer (B2C) E-Commerce

Business-to-consumer (B2C) e-commerce is the most widespread category of e-commerce, where online business aims to transact with individual buyers. B2C involves many categories of transactions, such as the purchase of retail goods, travel services, and electronic content. B2C has experienced significant growth since 1995 and is the category of e-commerce most individuals are expected to engage in. The B2C type encompasses various categories of business versions: online platforms, e-retailers, content providers, transaction intermediaries, service providers, and community service providers. (Keneth C & Carol Guercio, 2016, p58)

4.2 Business-to-Business (B2B) E-Commerce

Refers to the electronic commerce transactions conducted between companies that sell and companies that buy over the Internet. It is considered the perfect form of e-commerce according to the marketing concept, as most companies, whether sellers or buyers, have websites. These websites include different categories of online advertising, direct marketing, and immediate response marketing. (Rania, 2011, p100) The website www.e-steel.com is a clear example of a business-to-business(B2B) website. This website specializes in institutional buying and selling of steel products, i.e., those that take place between industrial corporations.

4.3 Consumer-to-Consumer (C2C) E-Commerce

Consumer-to-consumer (C2C) e-commerce offers a method for shoppers to sell to each other, with the aid of an online marketplace developer such as eBay or Etsy, the classifieds site Craigslist, or on-demand service corporations such as Airbnb and Uber. In C2C e-commerce, a buyer introduces a product to a marketplace, places it for auction or sale, and depends on the

marketplace developer to provide catalog, web search tool, and transaction scanning abilities so that products can be viewed, accessed, and paid for easily. (Keneth C & Carol Guercio, 2016, p58)

4.4 Consumer-to-Business (C2B) E-Commerce

This category refers to e-commerce transactions that connect individual consumers (seller) and business buyers. An example of this category is when an individual consumer sells a home online to a business buyer. The "consumer-business" e-commerce category also includes a third party intermediary, as most individual consumer sellers do not have websites. Instead, they rely on companies with specialized websites that showcase individual sellers' products and receive business buyers' orders, either for a commission or for free. www.buyonline.com is a typical example of this type of e-commerce. (Zorayda, May 2003, p11)

4.5 Mobile Commerce (M-Commerce)

Mobile commerce is commerce conducted by mobile phones. This is the latest entrant in e-commerce, where mobile phone owners can communicate with each other and conduct business deals through direct contracts, SMS, and GPRS. Corporations operating over GPRS are improving websites that display properly on mobile instruments. (Singh and all, 2020, p11)

5. Factors for Success of E-Commerce

Adopting e-commerce is a process that helps in the business process and has also become necessary for companies to remain competitive among companies. Adopting e-commerce depends on important factors that serve as a compass to reach the desired goal of the business. These factors are represented by good management and developing an effective long-term and short-term strategy. This strategy is developed for all activities in the company. There is a strategy for marketing, sales, management, and a strategy for dealing with customers, among others.

5.1 Displaying Products and Services Online

Technological advancements and the spread of the Internet have made consumers less brand-dependent and more demanding of the products and services they consume, allowing them to easily compare their experiences with those of other consumers. As consumers become more informed and aware of their purchasing decisions, the range of products and services available is becoming larger and more diverse, leveraging the resources provided by Internet technology—the global proliferation of offerings on websites. As a result, buyers are presented with a wider and more diverse range of offerings, which stimulates online consumption and purchase of goods and services. (AL-Tayti, 2008, p125)

5.2 Quality of the Electronic Platform

Websites must be well-designed, easy to use, and provide the necessary information for online shopping. When interacting with an e-commerce platform, consumers want to complete their purchase with minimal effort, in a very short period of time, and with the greatest possible confidence throughout the entire process. Online shopping platforms must provide clear, simple, and user-friendly information. There is a significant and direct relationship between the ease of use of online shopping platforms and the desire to purchase a service or product. (AL-Tayti, 2008, p125)

5.3 Trust

This factor is considered a pivotal element of e-commerce. Simply put, no consumer will make a purchase if there is no trust in the entire purchasing process. However, there is no argument for opportunistic conduct on e-trade platforms, and the notion of confidence here extends to ethical and social conduct. Therefore, shoppers will not be interested in fraudulent companies. Business,

social, and ethical conduct do not provide the trust necessary to make a decision and complete a purchase, as risk perception will be universally high. The loss of trust is often due to poor communication between the corporation and its target clients. (Vasco, Lara, Tatiana, Bruno, Jorge, & Daniel, 2023, p235)

5.4 Comfort

The apply of electronic shopping technologies stems from a recognition of the advantages of using these methods, namely comfort (ease of access to the buying procedure), but also the diminution of energy and time required in the buying procedure. Electronic shoppers link e-commerce with the comfort that results from the effortlessness of searching and comparing diverse options, and the perfect management of the entire shopping process, right up to the end.

5.5 Price

In any purchase, regardless of the method, price decisions are among the essential and appreciated by shoppers. For a long time, price has been one of the key elements determining the quality of an offer. Currently, the role of price in purchasing choices changes depending on the goods and services provided, being less pronounced for highly differentiated products, goods that are difficult to compare and have no replacements, and opulence products. However, this factor is a key determinant for certain generations of shoppers (junior generations) that still have less buying capability. In electronic commerce, price is essential and extremely effective factor, given the ease with which shoppers can compare diverse offers. Furthermore, this tool permits for very rapid price adjustments, sometimes immediate, allowing for direct replies to competing corporations' initiatives.

5.6 Online Experience

The quality and intensity of the shopping experience offered to consumers are among the most important factors for the success of e-commerce businesses, and therefore, depend largely on the value of the technologies utilized. When choosing an electronic buying, shoppers look for advantages over other purchasing mediums, particularly in brick-and-mortar stores, in order to better meet their requirements. These advantages can include, for example, the simplicity and ease of apply of the electronic commerce application, the quick of the buying procedure, the quick of delivery, and the trust provided during the buying process.

5.7 Social Media Platforms

Social media platforms, applied by majority online shoppers, are an important technology for displaying data, often immediate. These platforms permits shoppers to view and exchange information about consumption or experiences, and they permit everybody to be effective promoters of content. (Vasco, Lara, Tatiana, Bruno, Jorge, & Daniel, 2023, p236)

6. The Reality of E-Commerce in the World

6.1 Pioneers of the Global E-Commerce Market

Internet users can select from a variety of websites to view, compare, and buy the goods or services they are looking for. While some websites specifically focus on business-to-business (B2B) customers, a wide range of websites are also available to individual consumers. As of 2024, e-commerce accounted for the largest share of universal online purchases, and Amazon leads the global virtual marketplace in notions of traffic. The e-commerce leader, which offers e-retailing, computing services, electronic devices, and online content, recorded six billion direct visits to its website (.com) in the first quarter of 2024. In concepts of gross merchandise value, Amazon outperforms its Chinese competitors Pinduoduo, Douyin, JD.com, and Taobao. Alibaba Group, the

leading e-commerce company in Asia, operates Taobao. Pinduoduo is the corporation behind the highly accomplished Temu app. (Koen Van, 2025)

6.2 Mobile Enhances E-Commerce Growth.

The massive adoption of mobile devices is one of the most important features of the global e-commerce. In 2025, smart phones recorded almost 80% of all visits to retail sites worldwide, and consequently, the most of online orders compared to desktop computers and mobile devices. With the significant increase in mobile device usage, particularly in areas lacking other electronic framework, the integration of mobile devices will persist to form the future shopping experience. Mobile commerce is specifically famous in Asia, with nations like China and South Korea generating more than 70% of their overall digital sales by mobile. (Koen Van, 2025)

6.3 Benefits of Digital Shopping Across the World

While online consumers vary greatly across areas, there are common indicators that allow us to understand online consumer conduct. Leading marketplaces provide inspiration and a convenient place to research products online before making a decision of purchase. Although the store shopping experience is more interactive than online shopping, online shoppers prefer e-commerce due to its flexibility and ease of implementation. In terms of delivery preferences, parcel delivery systems are increasingly familiar, as they are considered a more sustainable system than traditional delivery. In the business-to-consumer (B2C) space, elegance and electronic devices are among the most prominent e-commerce areas by far, accounting for the largest share of online retail sales.

E-commerce persist to attract new consumers, and comfort and ease are a fundamental factor for consumers worldwide who prefer to order online over visiting brick-and-mortar shops. Universal e-commerce growth expect include two essential developments. Majority global markets are still in the process of developing internet penetration and digitization, meaning the infrastructure indispensable for e-commerce to thrive is still being constructed. Synchronously, today's most advanced e-commerce markets are benefiting from the advantages associated with the development and growth of artificial intelligence(AI). New tech and automation are improving the shopper journey and order achievement process, transforming e-commerce into a highly efficient medium. (Koen Van, 2025)

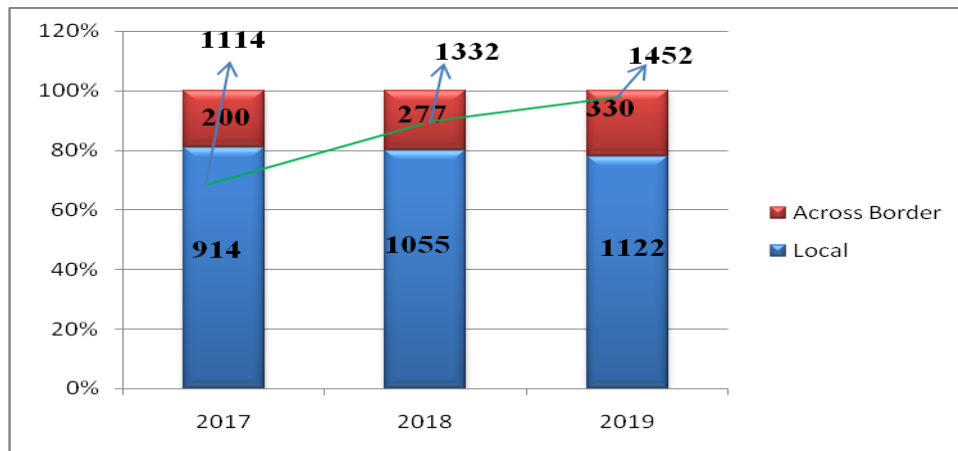
6.4 Size of E-Commerce in the World

E-commerce has grown rapidly in recent years, especially since the COVID-19 pandemic. The number of online shoppers worldwide has reached approximately 1.5 billion, up from 1.4 billion in 2019, an estimated 7% increase. The pandemic has helped drive the shift toward e-commerce, as individuals and businesses alike have tried to overcome lockdowns and travel restrictions by shopping online.

In this context, estimates indicate that the share of online shopping rose to about 17% of total retail sales worldwide in 2020, compared to 13% in 2019. Regarding the distribution of the total number of online and cross-border shoppers, it amounted to about 1.45 billion people. The UNCTAD report indicates that the percentage of local shopping amounted to about 77% of the total online shopping in 2019, with a total of 1.12 billion people, while the number of cross-border shoppers amounted to 330 million people, equivalent to 23% of the total number of online shoppers. (Jamal & Mahmoud, 2021, pp17, 18) In the first months of 2023, the number of e-commerce shoppers reached 2.64 billion. Due to the restrictions imposed by countries due to the COVID-19 pandemic over the past few years, this has led to a significant increase in the number of online

shoppers worldwide. As expected, the number of online shoppers will increase by 80 million by the end of 2023 (a 3.1% increase compared to 2022). (Volvach, 2023, p59)

Fig.1. Total Number of Online Shoppers Locally and Across Border Worldwide



Source: prepared by researcher depending on Jamal Qasim Hassan, Mahmoud Abdel Salam, 2021, p.19

The figure above shows that the number of online shoppers is steadily increasing, rising from 1.114 billion in 2017 to 1.332 billion in 2018, and then rising again to 1.452 billion in 2019. However, the number of local shoppers is greater than the number of cross-border shoppers. In 2017, the number of local online shoppers reached 914 million, while the number of cross-border shoppers reached 200 million. In 2019, the number of local online shoppers reached 1.122 billion, compared to 330 million cross-border shoppers.

In terms of the value of e-commerce operations, UNCTAD indicated in 2021 that the value of e-commerce sales increased by about 8% to reach approximately 26.7 trillion US dollars in 2020, equivalent to 30% of the global gross domestic product, compared to 25.6 trillion US dollars in 2019. The table below shows the volume of e-commerce for the eight (08) largest countries in the world.

Table 1. E-Commerce Sales for the Eight Largest Countries in the World for the Year 2020

Unit: trillion US dollars

Countries	Total e-commerce sales	Share of e-commerce to GDP (%)	Total B2B e-commerce sales	Total B2C e-commerce sales
USA	9,580	45	8,319	1,261
Japan	3,416	67	3,238	178
China	2,604	18	1,065	1,539
South Korea	1,302	79	1,187	115
United Kingdom	885	31	633	251
France	785	29	669	116
German	524	14	396	111
Italy	431	22	325	35
Total	26,673	30	21,803	4,870

Source: Jamal Qasim Hassan, Mahmoud Abdel Salam, 2021, p. 20.

The table above shows that the United States of America dominates the largest share of global e-commerce sales, at US\$9.58 trillion, equivalent to 45% of GDP. Of this, 86.84% is business-to-business (B2B) e-commerce and 13.16% is business-to-consumer (B2C). Japan comes

in second place with a value of US\$3.416 trillion, representing 67% of GDP. Of this, 94.8% are business-to-business (B2B) e-commerce transactions and 5.2% are business-to-consumer (B2C). China comes in third place with a total e-commerce sales value of US\$2.604 trillion, representing 18% of GDP. Of this, 40.9% is business-to-business (B2B) e-commerce and 59.1% is business-to-consumer (B2C). Globally, e-commerce sales reached a value of US\$26.673 trillion, representing 30% of global GDP. Of this, 81.74% is business-to-business (B2B) e-commerce, and 18.26% represents business-to-consumer (B2C) e-commerce. Based on the above figures and analysis, the significant and disproportionate growth in the size of e-commerce sales worldwide is evident. A significant proportion of these sales are business-to-business (B2B), indicating the dominance of the business sector in e-commerce transactions.

7. The Reality of E-Commerce in the Middle East and North Africa

7.1 The E-Commerce Sector in MENA Region Before COVID-19

Preceding by three years to the onset of the COVID-19 pandemic were marked by significant growth in the e-commerce market in the Middle East and North Africa (MENA), increasing at an average annual rate of 26% between 2017 and 2019. The size of the MENA e-commerce market is expected to have increased from US\$9.7 billion in 2017 to US\$15.5 billion in 2019.

Many factors have contributed to the development of e-commerce in the region during this period, including the spread of fourth-generation services, the increase in mobile phone and internet use, and above-average urbanization rates. (Jeanne, 2023, p01)

Fig.2. Growth in the Size of the E-Commerce Market in the MENA Region



source: Jeanne Walters, 2023, p 01

The figure shows that the growth in e-commerce in the Middle East and North Africa (MENA) region has witnessed tremendous development, jumping from US\$10 billion in 2017 to approximately US\$41 billion in 2023, representing a growth rate of 310%. E-commerce sales are expected to reach approximately US\$51 billion and US\$57 billion in 2025 and 2026, respectively. Despite this growth in the size of e-commerce in the MENA region, the figures remain modest compared to the rest of the world, especially developed countries (see table above).

Furthermore, the region's low penetration of online trading platforms at the time meant there was significant potential for spread. Bain estimates that e-commerce's share of total retail trade averaged 2% in the MENA area in 2017. By contrast, other markets like the United Kingdom, the United States, and China, achieved growth rates well above 10% in 2017.

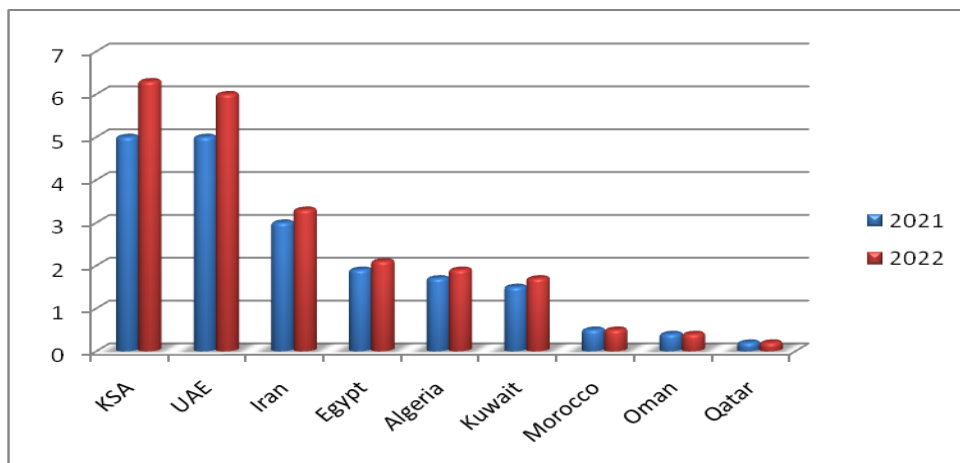
7.2 Growth of E-Commerce in the MENA Region After the COVID-19 Pandemic

The e-commerce market had been growing steadily prior to 2020, the onset of the pandemic spurred consumers to shift toward online direct sales to consumers, with health restrictions on movement creating the right conditions for the growth and development of the e-commerce market. With the proliferation of online shopping for everyday goods, the e-commerce market in the Middle East and North Africa (MENA) region increased by nearly 80% between 2019 and 2020, reaching an amount of USD 27.8 billion. While electronic devices, clothing and footwear, and household appliances stayed the largest e-commerce types in the area by size, the pandemic spurred growth between 2019 and 2021 in the home care. Self care, meal and beverage sectors, which saw increases of 381%, 337%, and 220% year-on-year, correspondingly. There was also a clear move in the market share of online retailers during the pandemic, with many traditional grocery stores presenting their own online platforms.

In the region, e-commerce develop was specifically strong in the United Arab Emirate and Saudi Arabia during the early years of the pandemic. The UAE's e-commerce market increased by 53% year-on-year between 2019 and 2020, reaching an amount of US\$4.1 billion. The Saudi market also increased by 63% year-on-year during the same period, reaching an overall amount of US\$5.4 billion in 2020. A report presented by the Boston Consulting Group, in collaboration with Meta, indicates that during this period, there was strong develop in the Saudi market in the media content, apparel, and footwear types. By the end of 2020, the contribution of e-commerce in overall retail trade reached 8% in the UAE and 6% in Saudi Arabia, compared to pre-pandemic estimates of around 4% for both. There were also significant increases in the value of online retail sales during 2019-2020 in both Egypt and Oman, growing by 81% and 88% year-on-year, correspondingly.

The e-commerce market in the Middle East and North Africa (MENA) area has lasted to develop after 2020, but at a reduced speed. Average annual growth was 15.5% between 2021 and 2022, with the market size reaching an estimated value of US\$37 billion in 2022. However, it is worth noting that despite the notable growth in online retail in recent times, the growth rate in the area stays small compared to global norms. The MENA penetration rate was approximately 5.7% in 2022, compared to an universal average of 19%. (Jeanne, 2023, pp 01, 02)

Fig.3. Size of E-Commerce Market in MENA Region(2021-2022)
Unit: USD Bn



Source: prepared by researcher depending on Jeanne Walters, 2023, p02.

The figure shows that the e-commerce market size in Saudi Arabia recorded the largest value in the Middle East and North Africa region in 2021, with amount of approximately \$5 billion and approximately \$6.3 billion in 2022, a growth rate of 25%. The UAE followed with an e-commerce amount estimated at approximately \$5 billion in 2021 and approximately \$6 billion in 2022, a growth rate of 20%. Iran came in third place with an e-commerce amount estimated at \$3 billion in 2021 and approximately \$3.3 billion in 2022, a growth rate of 10%. Algeria ranked fifth in terms of e-commerce market size in the Middle East and North Africa region, with amount estimated at approximately \$1.7 billion in 2021 and approximately \$1.9 billion in 2022, a growth rate of 11.75%. The remaining countries, such as Morocco, Oman, and Qatar, have modest e-commerce market sizes.

8-Conclusion:

In recent years, the trend toward e-commerce has increased, and its size has increased compared to traditional transactions in various regions of the world due to the widespread use of the internet, technological advancements, and the emergence of electronic payment technologies that are compatible with the characteristics of electronic transactions. This development in the size of e-commerce worldwide has been accompanied by significant growth in the size of e-commerce in Arab countries, some of which have witnessed a remarkable boom and transformation in the field of e-commerce, especially in the United Arab Emirates and the Kingdom of Saudi Arabia, and to a lesser extent, Egypt and the Sultanate of Oman. Despite this, the e-commerce index at the Arab level remains below the international standard for the e-commerce index. From the above, the following findings can be presented:

- Before a few years to the onset of the COVID-19 pandemic were observed by significant development in the e-commerce sector in the Middle East and North Africa (MENA), growing at an average yearly rate of 26% between 2017 and 2019;
- The development in e-commerce in the Middle East and North Africa (MENA) region has experienced significant growth, rising from US\$10 billion in 2017 to nearly US\$41 billion in 2023, reflecting a growth rate of 310%. E-commerce sales are projected to reach around US\$51 billion and US\$57 billion in 2025 and 2026, correspondingly;
- After COVID-19 pandemic, the e-commerce market in the Middle East and North Africa (MENA) region rose by almost 80% between 2019 and 2020, attaining a value of USD 27.8 billion;
- However, it should be noted that although online retail has experienced significant growth recently, its growth remains relatively low when compared with global standards. The penetration rate in the MENA region was around 5.7% in 2022, relative to the global norm 19%.

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