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Foreword

Due to major advances in information and communications technology and its continuously changing landscape, the way we perceive and conduct business is rapidly changing as well. The world is experiencing a highly dynamic business environment, with e-commerce becoming more of a business imperative than ever before, supporting economic competitiveness and diversification. Qatar is part of this trend. With the progress we have made over the past decade in the penetration of ICT into all facets of life, Qatar is poised to realize favorable social and economic returns from growth in e-commerce.

In 2014, Qatar’s business-to-consumer market reached just over USD 1 billion, making Qatar the seventh-largest market in the MENA region, with significant opportunity for growth and improvement. Qatar already has many of the key ingredients conducive to a favorable e-commerce environment—a population with high levels of disposable income, a strong and secure ICT infrastructure, and a highly connected society. In fact, Qatar has the potential to double its forecasted e-commerce market size by leveraging its large investments in both ICT and logistics as well as the growth in its SME sector. Government interventions and coordination are required to realize this potential and enable a robust e-commerce ecosystem.

Recognizing Qatar’s high potential, the Ministry of Information and Communications Technology (ictQATAR) has developed this National e-Commerce Roadmap to coordinate the implementation effort required to establish a well-governed and well-supported e-commerce ecosystem. It is the result of a detailed analysis of the Qatari e-commerce market combined with local, regional, and global stakeholder consultations, including a broad set of views from the public and private sectors. And it is based on leading practices and latest developments and trends from around the globe.

This roadmap is an ambitious blueprint for change that reflects the inclusive effort required for successful implementation. This initiative belongs to all of Qatar, and its success—which will also help drive the continued prosperity and success of the nation—depends on the work and determination of all of us.

Dr. Hessa Sultan Al-Jaber
Minister of Information and Communications Technology
Introduction

E-commerce is becoming more of a business imperative than ever before as consumer awareness and expectations evolve. The proliferation of high-speed broadband and the availability of a sophisticated Internet infrastructure and Web-enabled mobile devices present increased economic opportunities for government, businesses, and individuals that could have profound impact on how future business-to-business (B2B) and business-to-consumer (B2C) commerce is conducted.

In 2014, global e-commerce B2C sales totaled USD 1.5 trillion. To get a glimpse into how e-commerce is transforming the marketplace worldwide, one only has to take a look at some of the world’s most successful and popular businesses. Amazon, one of those companies, has no points of sale. Uber, the world’s largest taxi company, owns no vehicles. Netflix, the largest pay TV service, owns no STB or transmission infrastructure. And Alibaba, one of the world’s most valuable retailers, has no inventory.

This national e-commerce roadmap is the first of its kind in Qatar. It outlines the current e-commerce landscape in Qatar, details challenges and inhibitors to success, and provides the framework to chart a path forward. This roadmap is the result of a thorough collaborative effort with local, regional, and international stakeholders across the entire e-commerce value chain—from product creation to consumer receipt of the product—and its successful implementation is dependent on strong collaboration and coordination among the different stakeholders.

E-commerce has not yet been fully embraced in Qatar, and widespread adoption would have a positive effect on Qatar’s business environment. It could significantly contribute to economic development, a major pillar of the Qatar National Vision, as it provides businesses better access to consumers, improves business efficiency, expands trade and investment opportunities, and promotes innovation, diversification, and competitiveness. E-commerce also has a direct impact on the remaining three pillars that compose the Qatar National Vision as shown in Figure 1.

Adoption of e-commerce can benefit small businesses as well as consumers, who will be able to make more informed decisions and easily conduct commercial transactions. In addition, e-commerce removes the barriers of physical location and allows consumers to conduct transactions round the clock from the convenience of their homes.

From the perspective of business operations, e-commerce allows for more efficiency and increases productivity. The rise of B2B e-commerce results in the reduction of transaction and coordination costs and improves supply chain management, which can result in reduced business exposure to increasing prices. Moreover, e-commerce offers a business opportunity to logistics and postal operators to expand beyond their traditional roles across the e-commerce value chain.
**Figure 1: How e-Commerce Contributes to Achieving Qatar’s National Vision 2030**

**ECONOMIC DEVELOPMENT**
E-commerce contributes to the development of a Competitive and Diversified Economy
- Enabling innovative business models, sectoral organization, and market structures
- Stimulating entrepreneurship and foreign direct investment
- Fostering the development of target sectors (e.g., logistics, financial services)
- Ushering in large economic productivity gains through leveraging ICT, and advancing the drive toward a smarter nation

**HUMAN DEVELOPMENT**
E-commerce contributes to the development of Qatar’s Human Capital
- Accelerating upskilling/multiskilling trends (e.g., digital/ICT management skills), which in turn place demand on the education sector
- Encouraging continuous training and inter-firm collaboration, thus enabling innovation
- Providing an opportunity for consumers to gain access to the best world resources
- Becoming an inclusion opportunity for low-wage laborer and transients

**SOCIAL DEVELOPMENT**
E-commerce contributes toward a Knowledge-based and Just Society
- Driving the shift toward an economy based on knowledge and information through shaping facets of modern society
- Stimulating policies that promote the development and availability of information technologies and access to advanced networks
- Providing a sound legal framework to protect consumers throughout the life cycle of electronic transactions

**ENVIRONMENTAL DEVELOPMENT**
E-commerce contributes toward a Greener Environment
- Reducing the carbon footprint and energy usage through optimization of inventories and transportation services
- Stimulating social sharing and crowd services, increasing utilization of existing assets and capabilities
- Enabling innovative pure digital business models with no physical infrastructures that can rely on cloud services, thus resulting in further energy savings and cost efficiency
E-commerce also provides access to electronic markets, facilitating trade, promoting export-oriented business activities, and attracting foreign direct investment (FDI). More important, e-commerce sets new frontiers for innovation and competition, enhances producer bargaining power, and supports omnichannel commerce models. It can promote the entry of SMEs into the market and enable them to achieve economies of scale as well as to reach out to consumers currently unavailable to them under the traditional physical storefront and single-source sales channel model.

This roadmap engages and targets all stakeholders in the e-commerce value chain:

**Government institutions** play a role in regulating and supporting both the physical and digital business environment, including payments, and in protecting consumer rights.

**Financial institutions** enable electronic payments (e-payments) including issuers and acquirers of cards, and emerging e-payment providers (such as aggregators and processors).

**Logistics providers** are involved in the delivery of goods to end-customers and provide local merchants with the logistics backbone required for more efficient supply chain operations.

**ICT and service providers** supply the technology and professional capabilities needed to set up, manage, and successfully operate an e-commerce venture. They include fixed and mobile telecom operators, vendors of cloud and software solutions, system integrators, media agencies, web consulting firms, and other e-commerce specialists in different fields.

**Merchants** include local merchants who are considering the setup/enhancement of their online presence as well as start-ups and foreign investors that are willing to enter Qatar’s e-commerce market.

**Consumers** include all those living in Qatar—Qatari nationals, expatriates, and low-wage laborers who are (or would potentially be) involved in B2C transactions. Consumer also refers to recipients of B2B goods and/or services.

The Ministry of Information and Communications Technology (ictQATAR) developed this roadmap through a rigorous and comprehensive process that involved a broad set of stakeholder interviews and consultations as well as secondary research, all of which is summarized in the table on opposite page (see Figure 2).
**Countries include:**
- Kingdom of Saudi Arabia
- United Arab Emirates
- Kuwait
- Oman
- Jordan
- Italy

**Organizations include:**
- Alibaba Group
- Tesco
- Mediamarkt
- Souq.com
- NetBanking
- M.Pesa
- PostePay
- GiroPay

**Stakeholders Interviews and Consultations**

**Government**
- ictQatar
- Comm’s Regulatory Authority
- M. of Justice
- M. of Interior
- M. of Economy and Commerce
- Qatar Central Bank

**Logistics**
- Aramex
- DHL
- Qatar Post

**Education**
- Qatar University
- Qatar Foundation

**Leaders**
- Amazon
- Google
- Souq.com
- Ericsson
- Rocket Internet

**Financial Services**
- Qatar National Bank
- Commercial Bank
- Doha Bank
- Qatar Financial Center
- QPay International
- Pay Fort
- Visa
- PayPal

**Telecom**
- Ooredoo
- Vodafone

**Merchants**
- Qatar Airways
- Ikea
- Spark
- and many others

**Reports / Analysis**

- ictQATAR Publications
- World Bank
- United Nations
- World Trade Organization
- World Economic Forum

- International Telecommunications Union
- Universal Postal Union
- OECD
- MasterCard
- PayPal

- Ovum
- Ipsos Research
- Business Monitor International
- EY Research
- Arab Advisors Group

**Benchmarking**

**Countries include:**
- Egypt
- Germany
- Singapore
- United States
- United Kingdom
- Malta
- India

Source: Team Analysis
E-Commerce Landscape in Qatar

QATAR enjoys a favorable environment for e-commerce adoption, including a population with high levels of disposable income; high Internet, mobile, and fixed connectivity; and increasing ICT maturity. However, several key inhibitors are stopping Qatar from realizing its full e-commerce potential. The section below provides an overview of the state of e-commerce in the country.

In 2014, the business-to-consumer market was USD 1.02 billion, making Qatar the 7th-largest B2C market in the MENA region. The Qatari economy is one of MENA’s fastest-growing economies and boasts the world’s highest gross domestic product (GDP) per capita.

The diagram below (Figure 3) provides a snapshot of Qatar’s e-commerce market, and Figure 4 (opposite) details more fully Qatar’s favorable environment for e-commerce adoption.

In Qatar, these factors have translated into the highest average annual e-commerce spend per user in the MENA region and an average value per online transaction higher than the Gulf Cooperation Council’s (GCC) average. In Qatar, the average person spends USD 3,453 per year, with each transaction approximately USD 264 (see Figure 5).

Figure 3: Snapshot of the Qatar e-Commerce Market

Qatar is currently the 7th largest B2C Market in MENA; with tremendous uplift potential...

Snapshot of the Qatar e-Commerce Market

<table>
<thead>
<tr>
<th>Market Size</th>
<th>Segments</th>
<th>Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.02bn 2014</td>
<td><img src="image" alt="Segments Diagram" /></td>
<td><img src="image" alt="Channels Diagram" /></td>
</tr>
<tr>
<td>Penetration</td>
<td>Avg. Transaction Value</td>
<td>Payments</td>
</tr>
<tr>
<td>POPULATION ~2.13M</td>
<td>$260 Per Transaction</td>
<td>19% CREDIT CARDS</td>
</tr>
<tr>
<td>E-BUYERS ~0.3M</td>
<td></td>
<td>6% PAYPAL</td>
</tr>
<tr>
<td>20%</td>
<td>75% C.O.D</td>
<td>80%</td>
</tr>
<tr>
<td>8.8 DAYS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Team Analysis
**Figure 4: Qatar’s Economic and Connectivity Indicators**

### MENA GDP / Capita

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP / Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar</td>
<td>94</td>
</tr>
<tr>
<td>Kuwait</td>
<td>52</td>
</tr>
<tr>
<td>UAE</td>
<td>43</td>
</tr>
<tr>
<td>Saudi</td>
<td>26</td>
</tr>
<tr>
<td>Bahrain</td>
<td>25</td>
</tr>
<tr>
<td>Oman</td>
<td>22</td>
</tr>
<tr>
<td>Lebanon</td>
<td>10</td>
</tr>
<tr>
<td>Algeria</td>
<td>5</td>
</tr>
<tr>
<td>Jordan</td>
<td>5</td>
</tr>
<tr>
<td>Egypt</td>
<td>3</td>
</tr>
<tr>
<td>Yemen</td>
<td>1</td>
</tr>
</tbody>
</table>

**Source:** ITU, World Bank; Internetworldstats.com; Team Analysis

### Total Country Connectivity

<table>
<thead>
<tr>
<th>Country</th>
<th>Internet</th>
<th>Mobile</th>
<th>Fixed</th>
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</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>90</td>
<td>182</td>
<td>4</td>
</tr>
<tr>
<td>Qatar</td>
<td>85</td>
<td>186</td>
<td>10</td>
</tr>
<tr>
<td>UAE</td>
<td>88</td>
<td>171</td>
<td>12</td>
</tr>
<tr>
<td>Oman</td>
<td>68</td>
<td>185</td>
<td>13</td>
</tr>
<tr>
<td>Kuwait</td>
<td>79</td>
<td>162</td>
<td>15</td>
</tr>
<tr>
<td>KSA</td>
<td>61</td>
<td>180</td>
<td>16</td>
</tr>
<tr>
<td>Jordan</td>
<td>44</td>
<td>154</td>
<td>18</td>
</tr>
<tr>
<td>MENA</td>
<td>55</td>
<td>131</td>
<td>21</td>
</tr>
<tr>
<td>Egypt</td>
<td>44</td>
<td>115</td>
<td>19</td>
</tr>
<tr>
<td>World</td>
<td>40</td>
<td>96</td>
<td>17</td>
</tr>
</tbody>
</table>

**Source:** ITU, World Bank; Internetworldstats.com; Team Analysis

### ICT Development Index

<table>
<thead>
<tr>
<th>Index; Country</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar</td>
<td>6.5</td>
</tr>
<tr>
<td>UAE</td>
<td>6.4</td>
</tr>
<tr>
<td>Bahrain</td>
<td>6.3</td>
</tr>
<tr>
<td>KSA</td>
<td>6.7</td>
</tr>
<tr>
<td>Oman</td>
<td>5.4</td>
</tr>
<tr>
<td>Jordan</td>
<td>4.2</td>
</tr>
<tr>
<td>World</td>
<td>4.4</td>
</tr>
<tr>
<td>Europe</td>
<td>8.4</td>
</tr>
</tbody>
</table>

**Source:** ITU, World Bank; Internetworldstats.com; Team Analysis

**Figure 5: Qatar’s Average e-Commerce Spend**

### E-Commerce Spend per User per Year (2014)

<table>
<thead>
<tr>
<th>Country</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar</td>
<td>3,453</td>
</tr>
<tr>
<td>Kuwait</td>
<td>2,205</td>
</tr>
<tr>
<td>KSA</td>
<td>1,069</td>
</tr>
<tr>
<td>UAE</td>
<td>977</td>
</tr>
<tr>
<td>Egypt</td>
<td>533</td>
</tr>
</tbody>
</table>

**Source:** Qatar ICT Landscape Report 2014, Households and Individuals; eMarketer; Arab Advisors Group; PayPal; IPSOS; World Bank; Insight; Team Analysis

### Average Value per Transaction

<table>
<thead>
<tr>
<th>Country</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar</td>
<td>264</td>
</tr>
<tr>
<td>UAE</td>
<td>245</td>
</tr>
<tr>
<td>Kuwait</td>
<td>229</td>
</tr>
<tr>
<td>KSA</td>
<td>215</td>
</tr>
<tr>
<td>Jordan</td>
<td>132</td>
</tr>
</tbody>
</table>

**Source:** Qatar ICT Landscape Report 2014, Households and Individuals; eMarketer; Arab Advisors Group; PayPal; IPSOS; World Bank; Insight; Team Analysis
B2C Market Insights

The B2C MENA market size is approximately USD 32 billion, largely dominated by Saudi Arabia and the United Arab Emirates. Qatar’s B2C market is the seventh-largest in MENA, with a current market size of just over USD 1 billion and is expected to grow at a compound annual growth rate (CAGR) of 17 percent over the next five years, in line with the MENA average (see Figure 6).

Currently, airline tickets and consumer electronics are the dominant B2C segments, making up approximately 40 percent of the B2C market in Qatar. This B2C market segmentation is also in line with the overall MENA B2C market split (see Figure 7).

Despite a favorable environment for e-commerce in Qatar, the e-commerce uptake remains relatively low. The percentage of people shopping online represents 14 percent of the total population (compared with a regional average of 27 percent), with relatively higher adoption rates among expatriates and lower rates among Qatari nationals and low-wage laborers (see Figure 8).
**Figure 6: B2C Market—Regional Outlook**

USD bn; Year; Region

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>KSA</td>
<td>7.68</td>
<td>10.10</td>
<td>11.70</td>
<td>13.00</td>
<td>15.90</td>
<td>20.00</td>
</tr>
<tr>
<td>Qatar</td>
<td>4.20</td>
<td>4.70</td>
<td>5.93</td>
<td>6.80</td>
<td>8.97</td>
<td>10.20</td>
</tr>
<tr>
<td>N. Africa</td>
<td>5.60</td>
<td>6.00</td>
<td>6.30</td>
<td>6.70</td>
<td>8.00</td>
<td>9.70</td>
</tr>
<tr>
<td>Others</td>
<td>1.90</td>
<td>1.02</td>
<td>1.20</td>
<td>1.40</td>
<td>1.70</td>
<td>2.00</td>
</tr>
<tr>
<td>TUN</td>
<td>1.40</td>
<td>1.70</td>
<td>1.90</td>
<td>2.10</td>
<td>2.40</td>
<td>2.70</td>
</tr>
<tr>
<td>ALGERIA</td>
<td>1.20</td>
<td>1.50</td>
<td>1.70</td>
<td>1.90</td>
<td>2.20</td>
<td>2.50</td>
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<tr>
<td>MOROCCO</td>
<td>0.85</td>
<td>0.80</td>
<td>0.85</td>
<td>0.90</td>
<td>0.95</td>
<td>1.00</td>
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<tr>
<td>COMMONWEALTH</td>
<td>0.64</td>
<td>0.69</td>
<td>0.74</td>
<td>0.80</td>
<td>0.85</td>
<td>0.90</td>
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<td>BLEND</td>
<td>0.32</td>
<td>0.30</td>
<td>0.30</td>
<td>0.30</td>
<td>0.30</td>
<td>0.30</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9.16</td>
<td>10.20</td>
<td>11.70</td>
<td>13.00</td>
<td>15.90</td>
<td>20.00</td>
</tr>
</tbody>
</table>


**Figure 7: B2C Market—Qatar Outlook**

B2C Qatar Market Outlook
USD bn; Year

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1.0</td>
<td>1.2</td>
<td>1.4</td>
<td>1.6</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>2015</td>
<td>1.0</td>
<td>1.2</td>
<td>1.4</td>
<td>1.6</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>2016</td>
<td>1.0</td>
<td>1.2</td>
<td>1.4</td>
<td>1.6</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>2017</td>
<td>1.0</td>
<td>1.2</td>
<td>1.4</td>
<td>1.6</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>2018</td>
<td>1.0</td>
<td>1.2</td>
<td>1.4</td>
<td>1.6</td>
<td>1.9</td>
<td>2.2</td>
</tr>
<tr>
<td>2019</td>
<td>1.0</td>
<td>1.2</td>
<td>1.4</td>
<td>1.6</td>
<td>1.9</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Qatar B2C market is growing in line with the MENA average.

Airline tickets and electronics are the largest B2C Categories.

Source: eMarketer; Expert Interviews; Team Analysis, Nielsen, The State of Payments In The Arab World, Payfort.

**Figure 8: Qatar E-Commerce Adoption**

E-Commerce Adoption in Qatar (Demography)
Percentage (%); Demography (%); % Online Shoppers*

<table>
<thead>
<tr>
<th>Total</th>
<th>Qatar Westerners</th>
<th>Arabs</th>
<th>Asians</th>
<th>Blue Collar</th>
<th>Expatriates</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>12</td>
</tr>
<tr>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>17</td>
</tr>
</tbody>
</table>

Demography—Percentage of Total Qatar Population

Online Shoppers—Percentage of Total Population (based on penetration per demography)

E-Commerce Adoption – Selected MENA Countries
Country, % Adoption

<table>
<thead>
<tr>
<th>Country</th>
<th>UAE</th>
<th>Kuwait</th>
<th>KSA</th>
<th>Qatar</th>
<th>Lebanon</th>
<th>Egypt</th>
</tr>
</thead>
<tbody>
<tr>
<td>46</td>
<td>35</td>
<td>25</td>
<td></td>
<td>14</td>
<td>9</td>
<td>8</td>
</tr>
</tbody>
</table>

* Calculated as a percentage of total population based on e-commerce penetration per demography (excludes e-banking).

Source: Qatar ICT Landscape Report 2014, Households and Individuals; Arab Advisors Group; Payfort; IPSOS; Team Analysis.
The groups not active in e-commerce are concentrated between blue collar and transient laborers—who represent 54 percent of the total population in Qatar. Fifteen percent of the total population above the age of 20 is not active in e-commerce, and 17 percent of the non-active population is under the age of 20 (see Figure 9).

Moving forward, the segment with the highest potential for activity in e-commerce is Westerners and Arab/Asian expats (Digital Value Seekers) at 29 percent, followed by young Qataris and Arabs, Asians, and Westerners with high disposable income (Digital Shopaholics) at 20 percent. Blue collar and transient laborers will continue to have low e-commerce potential (25%) (see Figure 10).

**B2B Market Insights**

The 2014 B2B market in Qatar is estimated at USD 1.3 billion and is expected to grow at a CAGR of 10 percent, a rate higher than the global average. Nevertheless, the B2B market is considered underdeveloped. While the B2B market represents approximately 80 percent of the e-commerce market globally, in Qatar it represents roughly 40 percent of the local e-commerce market (see Figure 11).

According to the latest SME survey launched by ictQATAR in 2015, the adoption of B2B e-commerce is generally low in Qatar, with only 7 percent of small to medium-size enterprises (SMEs) placing online orders.
Figure 9: Demographic Breakdown of Active/Not Active, Part 1

Percentage (%); Demographies (Active / Not Active)

Total Population

Non-active Qatari / Westerner / Arab / Asians above 20 years old represent 15% of the total Qatar population

Age Group
0 - 4 16%
5 - 9 13%
10 - 14 13%
15 - 19 12%
20+ 46%

2014

86

Source: Qatar ICT Landscape Report 2014, Households and Individuals; Populationpyramid.net; Expert Interviews; Team Analysis

Figure 10: Demographic Breakdown of Active/Not Active, Part 2

Percentage (%); Demographies (Active / Not Active)

Total Population

Non-active Blue Collar / Transient non-active population represent 54% of the total Qatar population

2014

14

86

Digital Value Seeker
Digital Unconcerned Low Income
Digital Shopaholic
Social Digital Shoppers
Digital Unconcerned High Income

Source: Qatar ICT Landscape Report 2014, Households and Individuals; Populationpyramid.net; Expert Interviews; Team Analysis

Figure 11: B2B Market—Qatar Outlook

B2B Market Size - Qatar
USD bn; Year

% of Total Market; Year

Source: eMarketer; Expert Interviews; Team Analysis
Key e-Commerce Inhibitors

A number of inhibitors impede the development of a robust e-commerce ecosystem in Qatar, and they require dedicated government intervention. The inhibitors fall into six categories summarized in the table below (see Figure 12):

**Figure 12: Key e-Commerce Inhibitors**

<table>
<thead>
<tr>
<th>Category</th>
<th>Inhibitor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal &amp; Governance</td>
<td>E-commerce laws and key roles in place need to be further <strong>clarified</strong>,</td>
</tr>
<tr>
<td></td>
<td><strong>implemented</strong>, and <strong>communicated</strong></td>
</tr>
<tr>
<td>Customer</td>
<td>Limited e-commerce <strong>conversion of digital browsers</strong></td>
</tr>
<tr>
<td></td>
<td>Poor e-commerce penetration among <strong>low-wage laborers</strong></td>
</tr>
<tr>
<td>Payment</td>
<td>Cash-on-delivery relevance, with limited <strong>e-payment</strong> beyond credit cards</td>
</tr>
<tr>
<td></td>
<td><strong>Acquiring complexity/costs</strong></td>
</tr>
<tr>
<td>Logistics</td>
<td><strong>Pricing and delivery performance lower</strong> than best practices due to</td>
</tr>
<tr>
<td></td>
<td>limited volume and <strong>Q-Post monopoly</strong></td>
</tr>
<tr>
<td>Merchants</td>
<td>Limited online offer due to <strong>low presence of local merchants</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Start-up registration</strong> complexity, <strong>foreign investment constraints</strong></td>
</tr>
<tr>
<td>Ecosystem</td>
<td><strong>Fragmented e-commerce ecosystem</strong> still in the development phase</td>
</tr>
<tr>
<td></td>
<td><strong>Trust and security</strong> to be sustained</td>
</tr>
</tbody>
</table>

**Legal and governance** The 2010 e-Transactions and e-Commerce Law needs to be further clarified, implemented, and communicated. This includes further clarification of the current roles and responsibilities of the relevant players as well as building awareness of the law among affected stakeholders. In addition, the law strongly privileges PKIs (public key infrastructure) based on electronic signatures, creating uncertainty about other alternatives.

**Customer adoption** Limited e-commerce conversion of digital browsers (due to low consumer awareness around e-commerce options) and a lack of local offers are current challenges. Other issues include problems with websites of local merchants: low attractiveness and accessibility, less-than-optimal, non-user-friendly navigation, and failure to address the needs of different segments of the population. In addition, poor e-commerce penetration among a large population of low-wage laborers (both blue collar and transient laborers) inhibits a robust e-commerce effort.
**Payment** In Qatar, most payments are made on a cash-on-delivery basis, and there are limited e-payment methods (debit cards, prepaid cards, digital wallets, etc.). Complex e-payment rules and regulations, complexity in merchant e-payment setup, an acquiring process with high associated costs, and the absence of aggregators in the market inhibit e-commerce development.

**Logistics** Pricing and delivery performance is lower than leading practice standards due to limited volume and the monopoly of the national postal operator (Q-Post). The lack of enhanced competition in the local parcel delivery segment of the market results in higher prices and limited inbound volume. In addition, lack of free-trade zones reduces the trade and export attractiveness of Qatar.

**Merchants** Low online presence of local merchants results in limited local e-commerce offers. Likewise, local merchants have generally limited awareness and insufficient ICT skills to enable e-commerce and omnichannel strategies. Current funding resources are limited, with complex and expensive registration and start-up procedures that needs to be simplified to fit the needs of online businesses. Finally, foreign investments are constrained by stringent regulatory requirements and a non-competitive environment, reducing the appeal of conducting business in the Qatari market.

**Ecosystem** A fragmented e-commerce ecosystem is still in the development phase, resulting in sub-optimal ICT platforms and limited infrastructure innovation. In addition, awareness of e-commerce by local SMEs and start-ups is low. Thus the lack of tools and shared solutions to facilitate the e-commerce start-up process and the concerns about trust and security require certifications, trustmarks, and customer support.
A Framework for Growth

To overcome the identified obstacles and realize the substantial benefits of e-commerce, a flexible framework was designed to ensure successful growth and adoption of e-commerce in Qatar.

The framework has three major parts described in more detail below: enable the regulatory and governance aspect of e-commerce through the E-Commerce Act; address the needs of the e-commerce value chain through the E-Commerce Master Plan; and provide a capability platform to facilitate the implementation and support the adoption of e-commerce through the Qbuy platform (see Figure 13)

**E-Commerce Act** is designed to issue the relevant policies, achieve full implementation of the existing e-Transactions Law and ensure its effective communication, simplify existing legislation, and propose a clear governance model.

**E-Commerce Master Plan** addresses key areas of the e-commerce value chain through a variety of initiatives aimed at increasing e-commerce awareness and penetration; promoting the adoption of electronic payment methods; opening the market for competition and capitalizing on cross-border opportunities to drive logistics efficiency; promoting the online presence of local merchants; and boosting e-commerce-related foreign direct investment (FDI)

**Qbuy platform** provides key capabilities through initiatives aimed at building consumer trust and confidence through trustmarks and certification. This platform supports merchants and SMEs in accessing knowledge/learning resources, and provides online tools, on-demand-support, and funding.
Figure 13: E-commerce Framework Design
At-a-Glance: E-Commerce in Qatar

Airline tickets and consumer electronics are the dominant B2C segments, making up approximately 40% of the B2C market in Qatar.

$1.5 trillion global e-commerce B2C sales in 2014

Qatar has the highest average annual e-commerce spend per user in the MENA region and average value per online transaction is higher than the GCC average.

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Spend Per User</th>
<th>Average Value Per Online Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qatar</td>
<td>$3,453</td>
<td>$260</td>
</tr>
<tr>
<td>Kuwait</td>
<td>$2,205</td>
<td></td>
</tr>
<tr>
<td>KSA</td>
<td>$1,069</td>
<td></td>
</tr>
<tr>
<td>UAE</td>
<td>$977</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>$533</td>
<td></td>
</tr>
</tbody>
</table>
The percentage of people shopping online represents 14 percent of the total population.

At-a-Glance: E-Commerce in Qatar

Qatar’s B2C market is the seventh-largest in MENA, and is expected to grow at a compound annual growth rate (CAGR) of 17% over the next five years.

Average waiting time is 8 days.

Average transaction value is $260.

Mobile accounts for only 20% of all transaction channels.

snapshot of e-commerce market segments in Qatar:

- 9%: Snaps
- 10%: Music
- 11%: Books
- 15%: Clothing
- 22%: Travel
- 3%: Car
- 3%: Football
- 18%: Photos
- 10%: Bed

The percentage of people shopping online represents 14 percent of the total population.

Qatar has the highest average annual e-commerce spend per user in the MENA region and an average value per online transaction is higher than the GCC average.
A Plan for Action

As e-commerce is still in its infancy in Qatar, the role of the government in nurturing the e-commerce ecosystem is paramount. Through dedicated government interventions, Qatar has the potential to double its forecasted e-commerce market size by 2020.

The following actions and initiatives address the obstacles to a robust e-commerce effort, are outlined in five major areas: ensure legal and governance; enable e-payments; enhance delivery; stimulate consumer adoption; empower merchants; and strengthen the e-commerce ecosystem. Implementation will take place over a three-year time frame.
Strengthen the e-Commerce Regulatory Framework

The e-Commerce Regulatory Framework—consisting of policy, legal, and governance frameworks—is vital to growing and sustaining the e-commerce ecosystem in Qatar. These frameworks will harness leading practices in a set of binding provisions and voluntary rules that provide clear and pragmatic guidance to market players in an accountable and transparent structure.

The policy framework focuses on co-regulatory and self-regulatory initiatives that will serve as flexible instruments involving market players and consumers in the development of rules, standards, guidelines, and recommendations to better implement the mandatory regulatory requirements. This policy framework will also provide direction on the criteria for the certification of Qbuy partners and for the licensing of trustmarks. The framework is intended to foster transparency, fairness, and security in the market and allow merchants to better comply with legal provisions. Market players will be able to adopt international best practices as well as take advantage of the knowledge developed by other successful players in the market.

The legal framework focuses on creating trust online and securing electronic interactions between enterprises, consumers, and public authorities. The legal framework responds to the fragmented and complex environment regulating online commercial practices in Qatar by implementing the e-Commerce Act and the e-Transactions Law, combined with other legal initiatives and actions, in addition to building awareness and understanding of applicable new legal rules such as the privacy and data protection law. This framework requires intensive coordination with the relevant institutional stakeholders.

A governance framework involving institutional stakeholders is essential to lead and manage the implementation of the e-Commerce Roadmap in 10 areas corresponding to important aspects of e-commerce currently subject to regulation: personal data protection, consumer protection, electronic transactions, business registration, commercial practices, information security, payment services, postal services, cybercrime, and regulated sectors and professions. In each of these areas, actions should focus on quick wins within the existing legal framework as well as longer-term objectives that require amendments to the existing legal framework.

Therefore, the actions required for success in the legal and governance area include:

• Define a set of policies to support self-regulation and define key criteria for Qbuy certification.

• Define quick wins and long-term initiatives to consolidate and improve the legal framework.

• Define roles, responsibilities, and core processes to develop the e-commerce program.
Enable e-Payments

Access to multiple payment methods and an efficient e-payment process is vital for increased e-commerce adoption. Merchants are subject to a costly and complex process through national banks in order to set up e-payments. Promoting the role of aggregators in the market will truly benefit merchants (particularly start-ups and SMEs) by reducing costs and introducing process efficiencies.

To further liberalize and promote the e-payment sector, an e-payment act needs to be implemented in order to simplify regulatory and administrative requirements surrounding authorization and licenses for payment institutions, expand the circulation of payment methods, and reduce complexity around eligibility criteria (KYC, minimum salary limits, etc.). Implementation of an e-payment act will also reduce transaction fees and drive down consumer prices.

In addition, different payment options need to be available to meet the needs of different segments of consumers. Multiple initiatives are planned for this purpose including addressing regulatory requirements and leveraging wage protection laws and the QPAY Gateway to enable the use of prepaid cards, debit cards, and wage cards for secure online payments. In addition, mobile operators need to be involved to capitalize on wide mobile penetration to enable mobile wallet technology and the use of mobile devices for e-commerce.

Therefore, the actions required for success in enabling e-payments include:

- Promote electronic payments by facilitating merchants acquiring (with aggregators) and enabling debit cards and digital wallet technology
- Evaluate opportunities to provide simplified authorizations to payment institutions and electronic money institutions
- Simplify issuance of e-payment instruments such as prepaid cards and digital wallets
- Consider adopting a “payments act” that will aid in the regulation of the market while also allowing payment service providers to obtain a license to operate

Objectives

» Reduce the cost and complexity of the payment process

» Promote the role of payment providers

» Enable secure online payment methods for all e-commerce users
The logistics sector in Qatar promises significant economic returns to the country and drives efficiency while enhancing distribution options. Opening up the domestic parcel distribution for competition provides numerous benefits for consumers and market players. It reduces costs, promotes competitive pricing, and increases the quality of service. It also stimulates innovation and efficiency. A partial opening of the market whereby Q-Post can still maintain a dominant market share while other players are allowed to enter certain market segments is an option to explore. The government has decided to formally permit open competition among domestic courier services, thus opening up the local delivery market. This decision will also give international couriers the right to deliver to home addresses within the country.

In addition, developing an e-commerce strategy for Q-Post would diversify postal revenue sources and provide local merchants with the logistics-related services required for enhanced e-commerce operations.

Further improvements to the delivery and logistics operating model can be realized by considering innovative and efficient delivery methods such as lockers and automated pick-up points that would translate into faster and lower-cost delivery while driving an increase in e-commerce penetration. To truly benefit from trade and logistics opportunities, investing in free-trade zones and e-facilitation platforms would enable easier, faster, and more efficient cross-border logistics. For this purpose, Qatar could leverage its proposed logistics/economic zones to position Doha as a logistics hub, expand trade volume, and exploit opportunities from the re-export market.

Therefore, the actions required for success in enhancing delivery include:

• Implement competition in the local parcel distribution market to enhance overall delivery performance and reduce costs
• Ensure e-commerce focus for Q-Post, enabling local merchants with e-logistics solutions
• Capitalize on current investments in logistics/economic zones to boost the re-export market to enhance Qatar’s transaction volume and price performance
Objectives

» Promote consumer awareness and knowledge around e-commerce

» Support merchant and SMEs’ online presence

» Increase e-commerce penetration and conversion

Stimulate Consumer Adoption

Increasing the adoption of e-commerce by consumers in Qatar involves building awareness and knowledge about e-commerce and creating a user-friendly experience for online shopping while enabling access to wider segments of the population.

Stimulation of B2C adoption requires multiple digital initiatives that focus on providing information about different online local and cross-border e-commerce offers; creating an integrated shopping experience that leverages online channels and social media; and establishing consumer trust and awareness. Qatar can leverage the Qbuy platform to set up an institutional portal to help build the desired awareness and knowledge of e-commerce.

It is also important to cater to the needs of non-Qataris, particularly low-wage laborers and transient workers.

In addition, a Web and mobile application that serves as a one-stop-shop omnichannel portal would provide information, support, and services to consumers.

Moreover, to increase the online presence of SMEs and promote consumer conversion, SMEs need an online platform that provides them with the required information, tools, and support in areas such as cross-border selling, e-procurement, and e-facilitation.

Therefore, the actions required for success in stimulating consumer adoption include:

• Establish an institutional website on e-commerce to inform consumers on laws, policies, benefits, and news

• Establish trustmarks to qualify certified partners and promote consumer trust

• Develop a one-stop-shop portal for laborers to help them live better in Qatar by using customized special online services

• Design online-only e-government services, to stimulate e-commerce usage among the non-active population
Empower Merchants

Expanding merchants’ online presence and consequently their e-commerce offers would require dedicated interventions aimed at empowering merchants and supporting them to seamlessly adopt e-commerce.

The costly and complex registration process in Qatar is not tailored to the online and omnichannel environment and is therefore one of the key roadblocks that online start-ups face today. Supporting these enterprises in the commercial registration process and facilitating the related start-up activities are among the key initiatives to encourage increased e-commerce economic participation. In addition, Qatar hosts a significant number of “grey-market” e-commerce enterprises that predominantly use social media platforms such as Instagram and Pinterest to market their products. These enterprises are typically home-based and do not have a company registration, and thus operate outside the country’s legal, commercial context.

A specifically tailored company registration process would see such businesses enter the formal e-commerce sector as SMEs and eventually contribute to the national economy.

It is also essential to enable and facilitate the adoption of omnichannel strategies by local merchants in order to boost local online offers and enhance the consumer experience.

The Qbuy platform can be leveraged to provide merchants with end-to-end support, embracing omnichannel strategies covering education and resources. These include instructions on how to buy and sell, financial incentives to merchants utilizing Qbuy services, and tools and resources that support online activities.

Creating an open environment to support the entry of foreign investors (with the support of Qbuy for small entities and ictQATAR for larger entities) enhances competition and knowledge transfer in the market, improving overall e-commerce performance.

In addition, pushing e-government to discontinue traditional payment methods and enforce e-payment will promote e-commerce usage.

Therefore, the actions required for success in empowering merchants include:

- Facilitate and support the registration process and other start-up activities
- Establish trustmarks for e-commerce to indicate websites that pass security tests and are branded by a trustworthy third party
- Help SMEs increase online presence and embrace e-commerce strategies
- Facilitate and support the entry of foreign direct investment
- Force the use of e-payments by discontinuing physical payment for some e-government services
- Expand the existing SME starter kit to stimulate awareness and use of e-procurement, e-marketplaces, and e-business. Help enterprises transact with their suppliers online
Strengthen the e-Commerce Ecosystem

The Qbuy platform is essentially a capability platform that serves as the foundation of the e-commerce framework by supporting merchants and consumers and helping to develop local capabilities.

Building consumer awareness and promoting trust in the electronic environment is a key element for e-commerce adoption. Accordingly, developing marketing and media plans relating to e-commerce adoption is fundamental in building consumer awareness. In addition, implementing trustmark schemes and providing consumers with a call center or help desk will strengthen consumer confidence and trust in conducting electronic transactions and payment.

Education and e-learning are essential to support online merchants and SMEs to build awareness of their business, help prepare their entry into the e-commerce market, and facilitate the use of Qbuy services.

Moreover, the Qbuy platform will certify e-commerce service providers, such as payment platforms, to ensure local merchants receive best-in-practice tools and solutions. In addition, this platform can provide a more complete and secure service by integrating with local merchant partners through implementing interoperable IT solutions and services such as customer relationship management (CRM), content management, and advanced identity management.

Additional efforts that support merchants and SMEs center around providing merchants with funding and facilities (Qbuy), and include providing financial incentives (such as vouchers) to merchants, co-investing with venture capital firms in e-commerce start-ups, and providing incubator services and facilities where appropriate.

Online security, certification, and compliance are issues critical to building an e-commerce ecosystem. Strategies include creating secure national identification, providing Qbuy certification services to license trustmarks to platform and merchant partners, and reducing cyber security attack risks through Qbuy/Q-CERT cyber security checkups and monitoring.

Therefore, the actions required to successfully strengthen the ecosystem include:

- Implement marketing and communications plans to increase e-commerce awareness and trust
- Develop the Qbuy platform to help protect merchant and consumer rights
- Educate and support merchants in their online journey
- Enforce e-commerce security
- Provide funding and incubation support for e-commerce start-ups
Governance and Monitoring

Exploiting the present opportunity for e-commerce growth requires a dedicated governance structure to enable timely and successful implementation of the framework and plans for action.

Spearheaded by the Ministry of Information and Communications Technology, this inclusive structure is designed to oversee and facilitate implementation. An inter-ministerial steering committee, chaired by ictQATAR’s minister, will be responsible for oversight of the e-commerce implementation program, with a dedicated e-commerce unit responsible for managing the day-to-day rollout in collaboration with relevant stakeholders.

In addition, an e-commerce expert panel, comprising industry experts, will advise the steering committee and act as technical experts to the e-commerce unit. This expert panel will also work with relevant stakeholders to establish implementation plans and indicators, and conduct performance reviews and periodic reporting.

Conclusion

Qatar has seen tremendous growth in the ICT sector over the past decade due to a number of targeted and well-planned initiatives. Stimulating the adoption of e-commerce is pivotal to the continued development of ICT in Qatar.

Despite high e-commerce potential due to favorable economic and demographic indicators, Qatar’s e-commerce industry is still in its infancy, with a number of inhibitors currently impeding the development of a leading e-commerce ecosystem. The role of government in nurturing the development of e-commerce is paramount in a variety of ways—through ensuring a conducive legal framework that protects the rights of all parties involved throughout the lifecycle of an electronic transaction, facilitating the dissemination of various forms of electronic payments, enhancing the current logistics sector performance, and raising awareness of the benefits of e-commerce to both consumers and businesses.

Moving forward, the Inter-Ministerial Steering Committee and an e-commerce unit within ictQATAR are being formed. This unit will collaborate with relevant stakeholders to determine the best ways to implement the actions described in this document, which will lead to the development of a robust e-commerce ecosystem in Qatar.

This roadmap is Qatar’s first national e-commerce blueprint, orchestrating the coordinated effort of all relevant stakeholders for the purpose of capitalizing on Qatar’s high e-commerce potential. Establishing and successfully implementing a vibrant e-commerce ecosystem based on leading practices and the latest developments and trends will double Qatar’s forecasted e-commerce market size by 2020 and promises numerous favorable outcomes in enhancing social, economic, human, and environmental development, thus helping Qatar achieve its 2030 aspirations.
## Appendix: Definitions

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B</td>
<td>Business-to-business commerce covering the multitude of online transactions and payments conducted between business entities</td>
</tr>
<tr>
<td>B2C</td>
<td>Business-to-customer commerce covering the multitude of online transactions and payments conducted by individual customers</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound annual growth rate</td>
</tr>
<tr>
<td>E-Commerce</td>
<td>The multitude of transactions and payments conducted electronically</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign direct investment: controlling interest of a foreign entity in a Qatari enterprise</td>
</tr>
<tr>
<td>GCC</td>
<td>Gulf Cooperation Council: political and economic union including Qatar, Bahrain, Kuwait, Oman, the UAE, and Saudi Arabia</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and communications technology</td>
</tr>
<tr>
<td>KYC</td>
<td>Know-your-customer: refers to the process and the governing regulations for verifying customer identity</td>
</tr>
<tr>
<td>MENA</td>
<td>Middle East and North Africa region, including GCC countries</td>
</tr>
<tr>
<td>ictQATAR</td>
<td>Ministry of Information and Communications Technology</td>
</tr>
<tr>
<td>Qatar’s National ICT</td>
<td>Government plan for Qatar’s ICT strategy through 2015, promoting the development of the country toward becoming a knowledge-based economy</td>
</tr>
<tr>
<td>National ICT Plan 2015</td>
<td>Vision and long-term objectives for Qatar across four key development pillars (human, economic, social, and environmental)</td>
</tr>
<tr>
<td>Qatar National Vision 2030</td>
<td>E-commerce capability platform in Qatar providing a set of tools and enablers to support e-commerce</td>
</tr>
<tr>
<td>Q-Buy</td>
<td>Qatar Computer Emergency Response Team</td>
</tr>
<tr>
<td>Q-CERT</td>
<td>Payment gateway for debit cards issued in Qatar, owned by Qatar Central Bank. It should not be confused with QPAY International, a privately owned company, established in Qatar, competing in the e-payments business, as processor for financial institutions and payment gateway/ aggregator for merchants</td>
</tr>
<tr>
<td>Q-Post</td>
<td>Qatar Post; the national postal operator in Qatar</td>
</tr>
<tr>
<td>SME</td>
<td>Enterprises with maximum 250 employees (except Creative Industries, with max 100 employees), and its Annual Revenue / Income- after deduction and taxes not to exceed 100m QR</td>
</tr>
<tr>
<td>Transient Laborers</td>
<td>Low-skilled or unskilled foreign labor force residing in labor camps</td>
</tr>
</tbody>
</table>