

Digital Insights: Saudi Arabia



Introduction

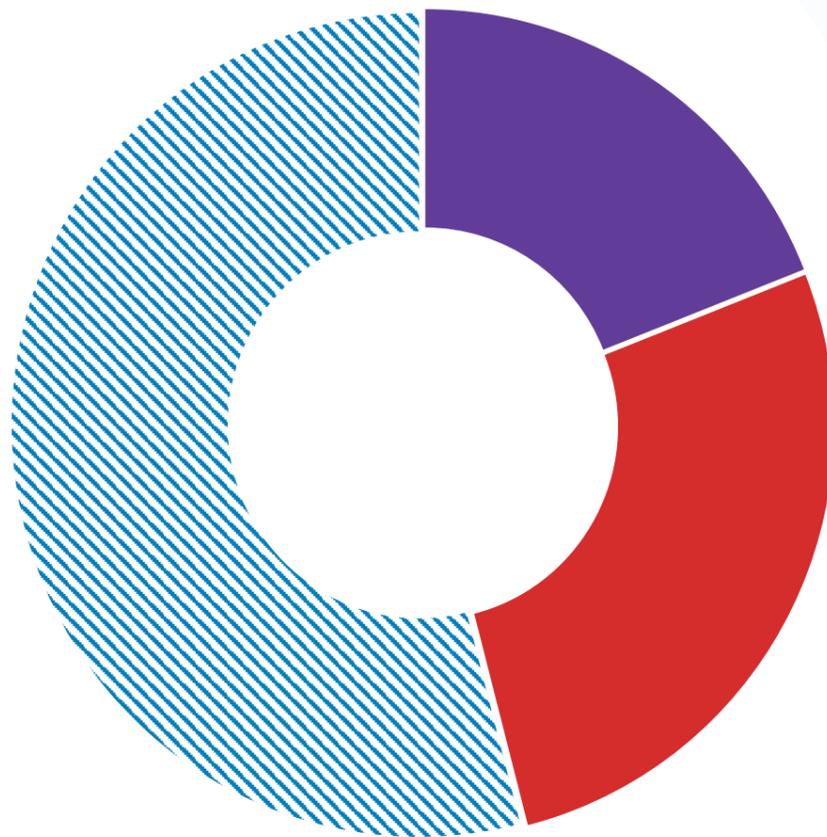
Saudi Arabia is the 27th largest market for eCommerce with a revenue of US\$8 billion in 2021. Saudi Arabia's e-commerce market, which grew about 60 per cent in 2019-2020 amid a digital uptick that accelerated during the pandemic, is poised to hit \$13.3 billion by 2025, according to a study from Boston Consulting Group and Meta Platforms.

With an increase of 17%, the Saudi Arabian eCommerce market contributed to the worldwide growth rate of 29% in 2021. Revenues for eCommerce continue to increase. New markets are emerging, and existing markets also have the potential for further development. Global growth will continue over the next few years.

Market expansion in Saudi Arabia is expected to continue over the next few years, as indicated by the Statista Digital Market Outlook. It has been predicted that the compound annual growth rate (CAGR 21-25) for the next four years will be 5%. Compared to the year-over-year growth of 17%, this decrease suggests a moderately flooded market. Another indicator of market saturation is the online penetration of 69% in Saudi Arabia; in other words, 69% of the Saudi Arabian population have bought at least one product online in 2021.

The portrait of Saudi e-consumers

64% of Saudis buy a product or service online every month. Saudi women are more "heavy buyers" than men. "Heavy buyers" purchase at least once in two weeks.



21.2%
of women making
online purchase

21.2%
of men making online
purchase

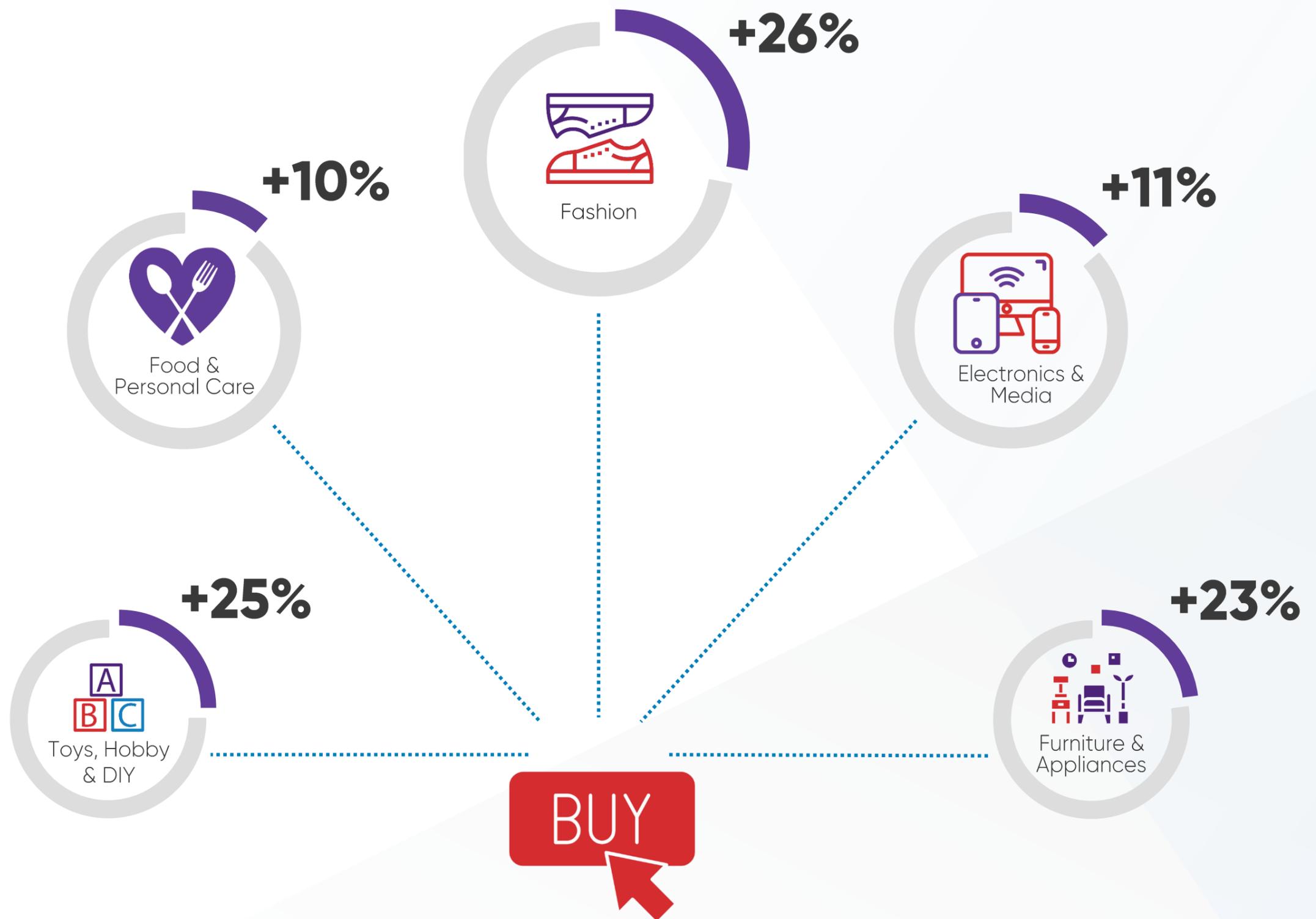


Around **74%** of online shoppers in Saudi Arabia are **18 to 34** years old, mostly purchasing **electronics** and **household goods**.



E-commerce growth by category

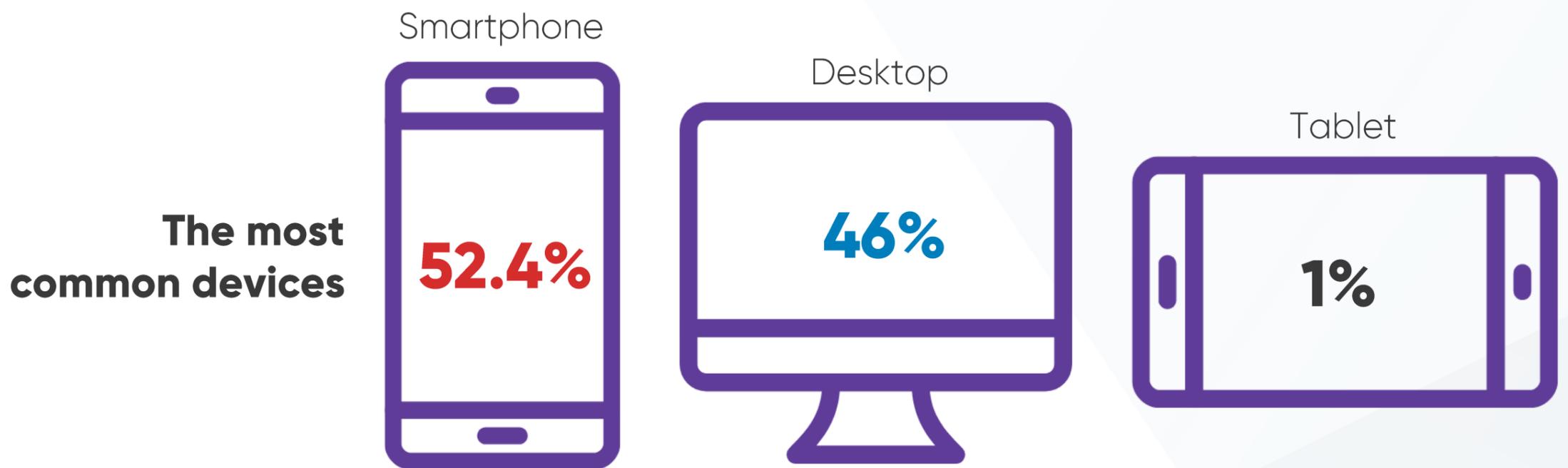
E-commerce offers consumers a wide range of services and good categories. According to statistics, these categories are more wanted than others, among Saudis:



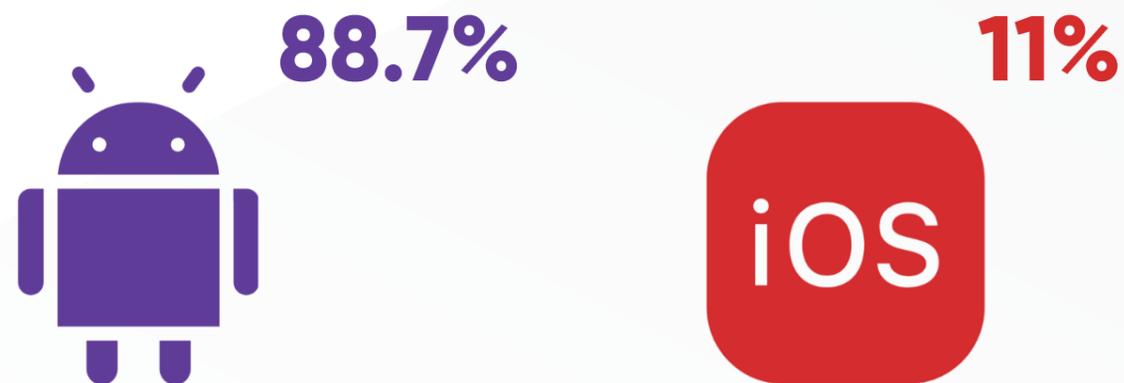
For Saudi customers **price** and **convenience** are the prime factors for making an online purchase.

Web traffic by device

67.7% used a shopping app on a mobile phone or a tablet **at least once**. Smartphones and tablets are in higher priority than desktops.



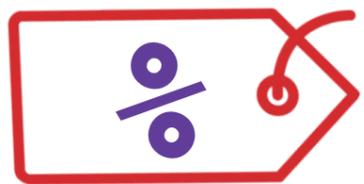
Saudis prefer Android devices to iOS:



Online shopping

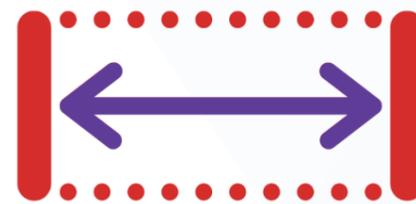
52% of Saudi consumers shop mostly on websites with multiple categories and brands which only available online.

The main reasons for shopping online



23.6%

Best price



12.2%

A broad range of products



16.1%

Speed of delivery



12.2%

A great mobile app



14.4%

Ease of finding products



10.4%

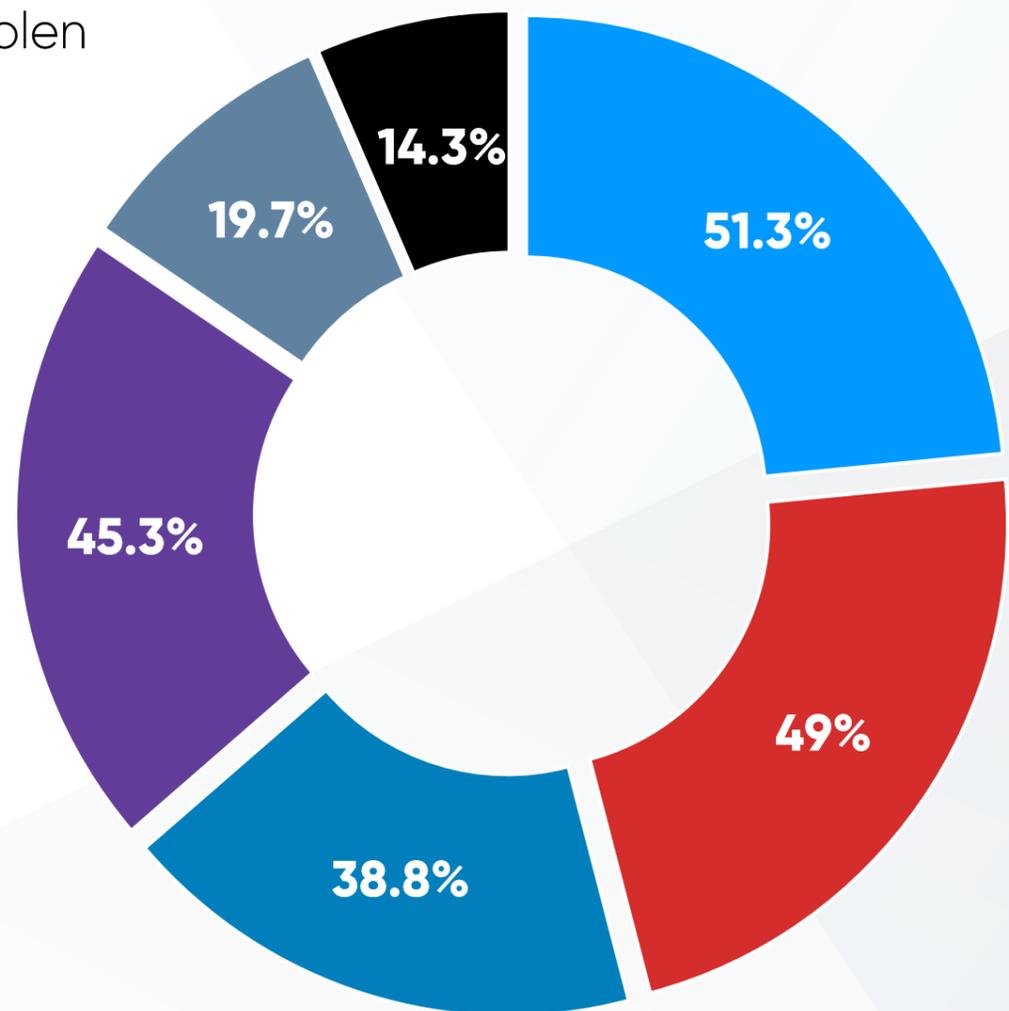
Flexible return policies

Online shopping

Young people aged 18-34 comprise the largest segment of the population (**43%**) and display a high familiarity with the online environment and social media.

Concerns people have when shopping online

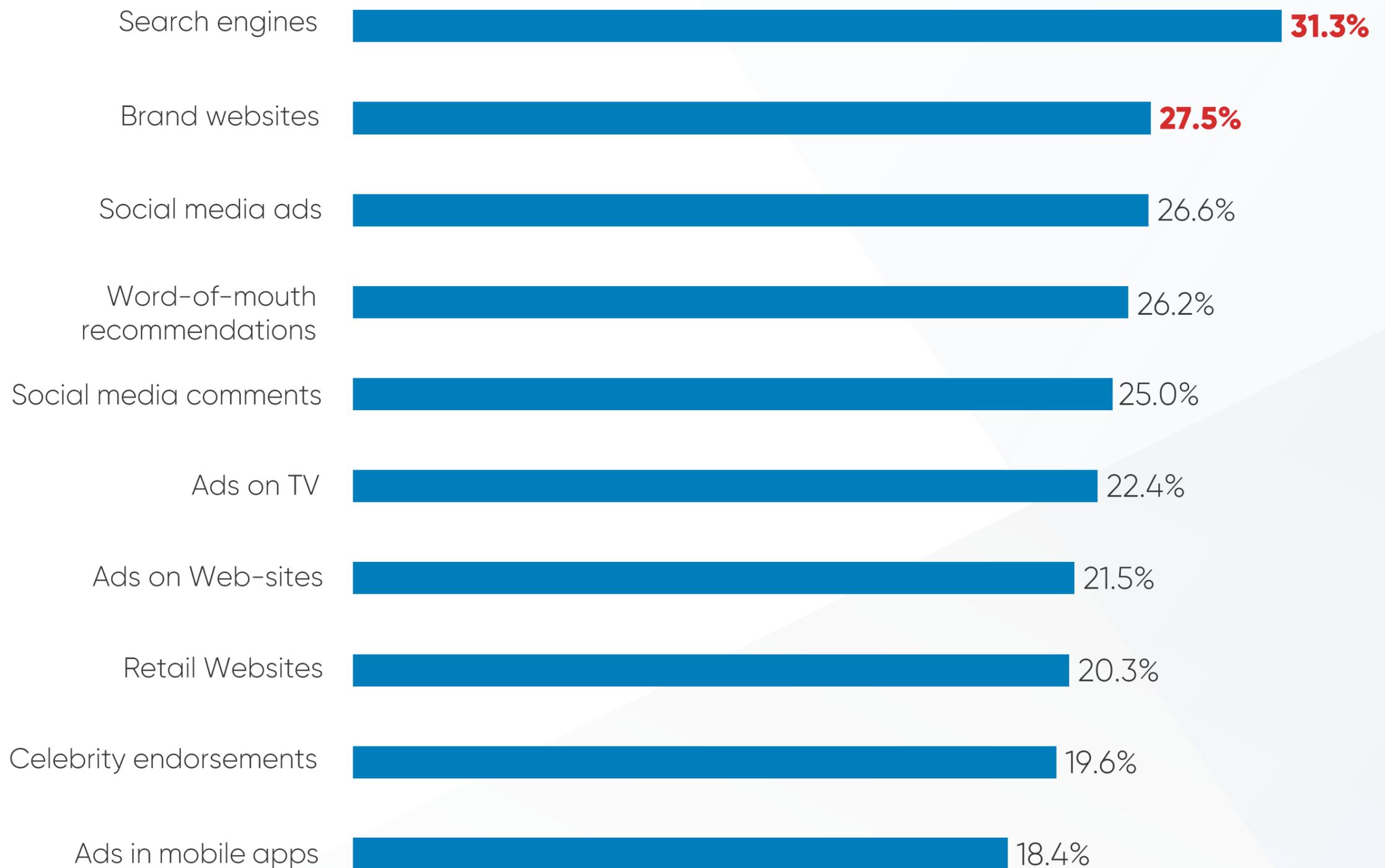
- Need to touch/see/feel items
- Worrying about credit card details stolen
- Worry about having identity stolen
- Feel delivery will be too slow
- Prefer the social aspect of malls
- Hard to find the items I want



In general, **49.1%** of Saudis purchased a product or service online.

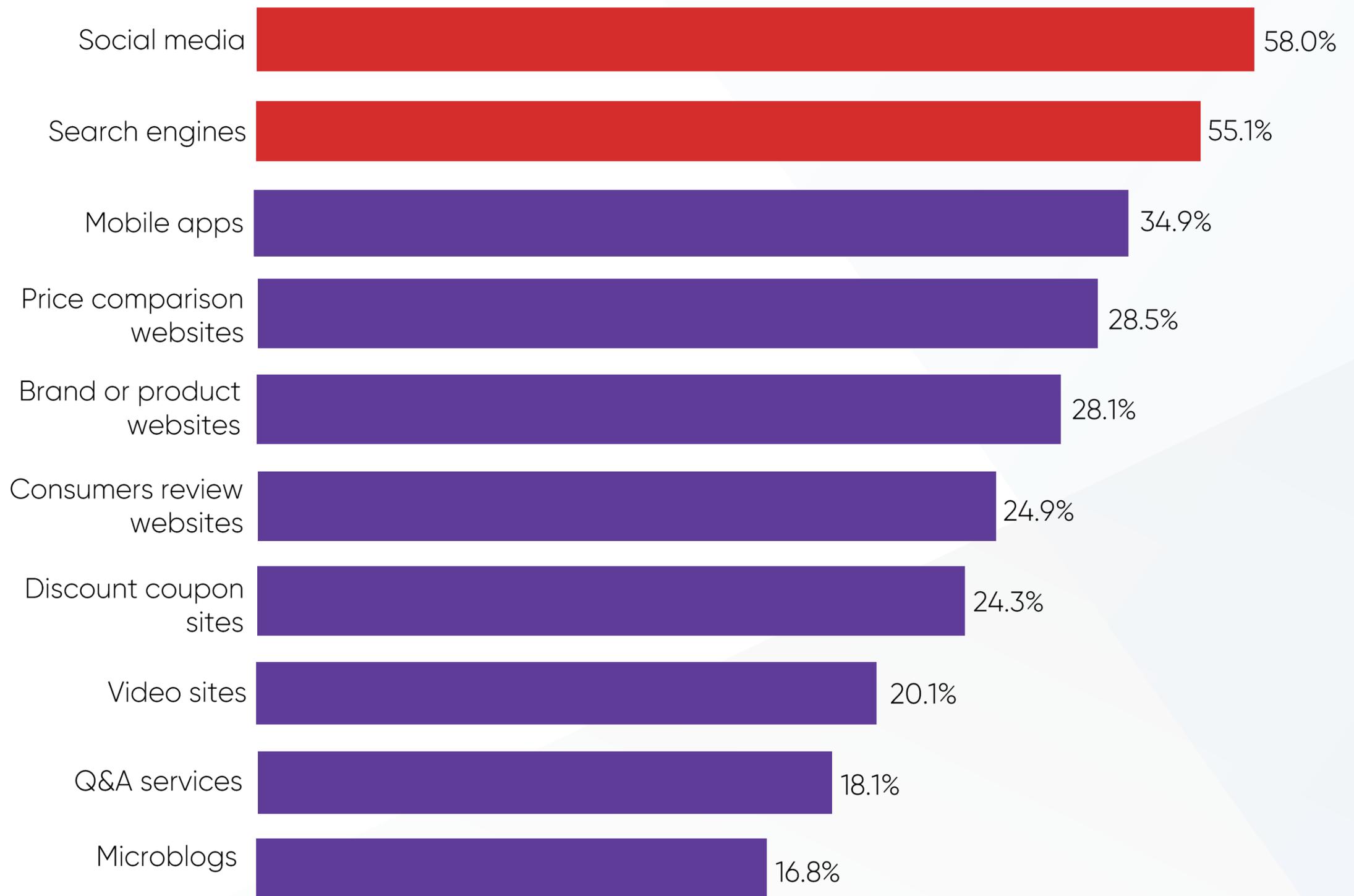
Sources of New Brand Discovery

First step of the purchase journey is brand/product discovery. Below presented the percentage of sources that consumers use to discover a product:



Primary Channels for Brand Research

A survey in 2022 found that social networks are the main channel for brand research. Search engines take the second rank.



Online shopping behavior

Product research takes place mostly in the Internet. **83%** of Saudis turn to the Internet first when searching for information.

Consumers behavior in the Internet

20%

watch **online videos** while researching products and services

76%

of Saudis watch **YouTube**

84%

of **under 25s** researched a recent purchase using a **smartphone**

The most used **search engines:**



Chrome



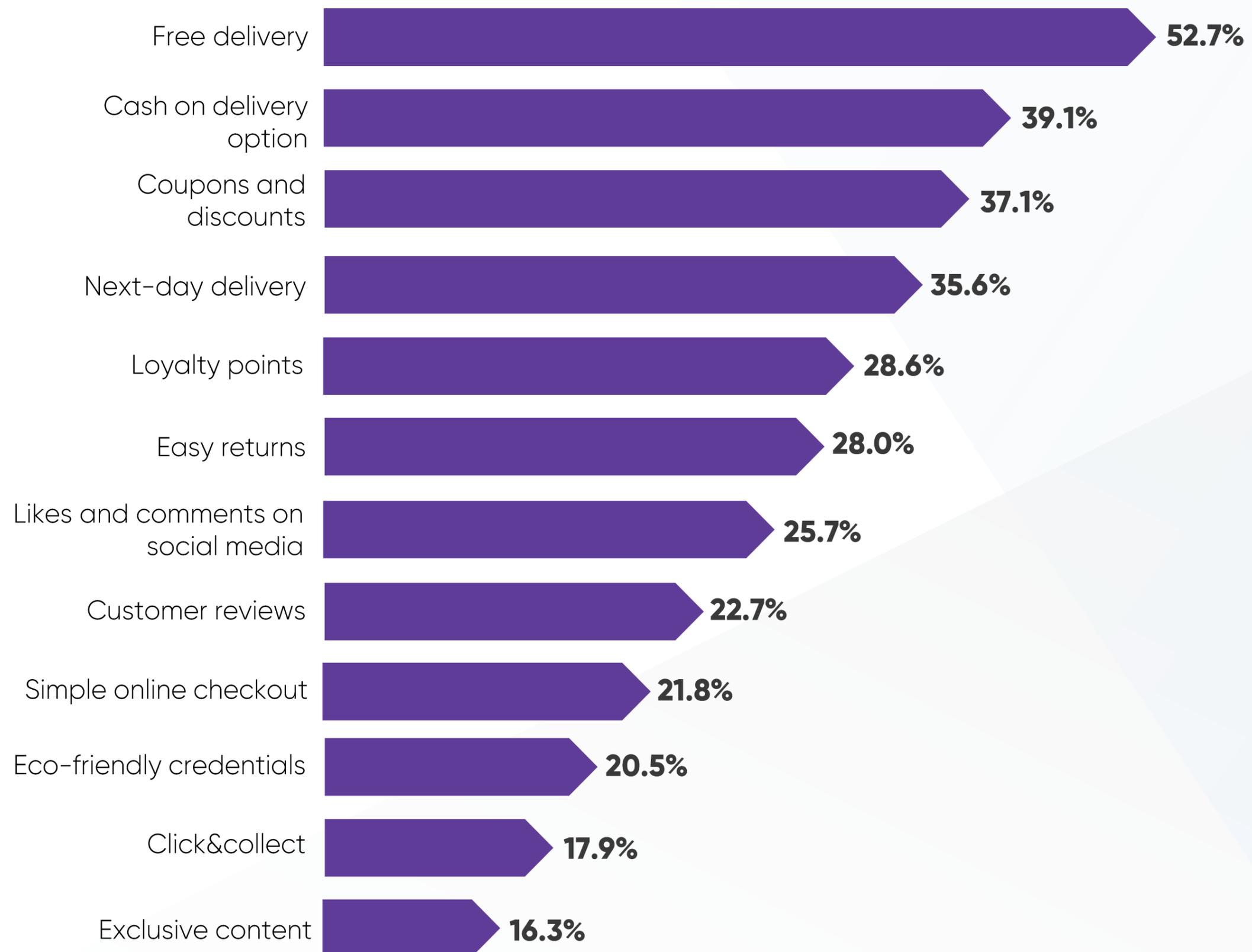
Bing



Yahoo

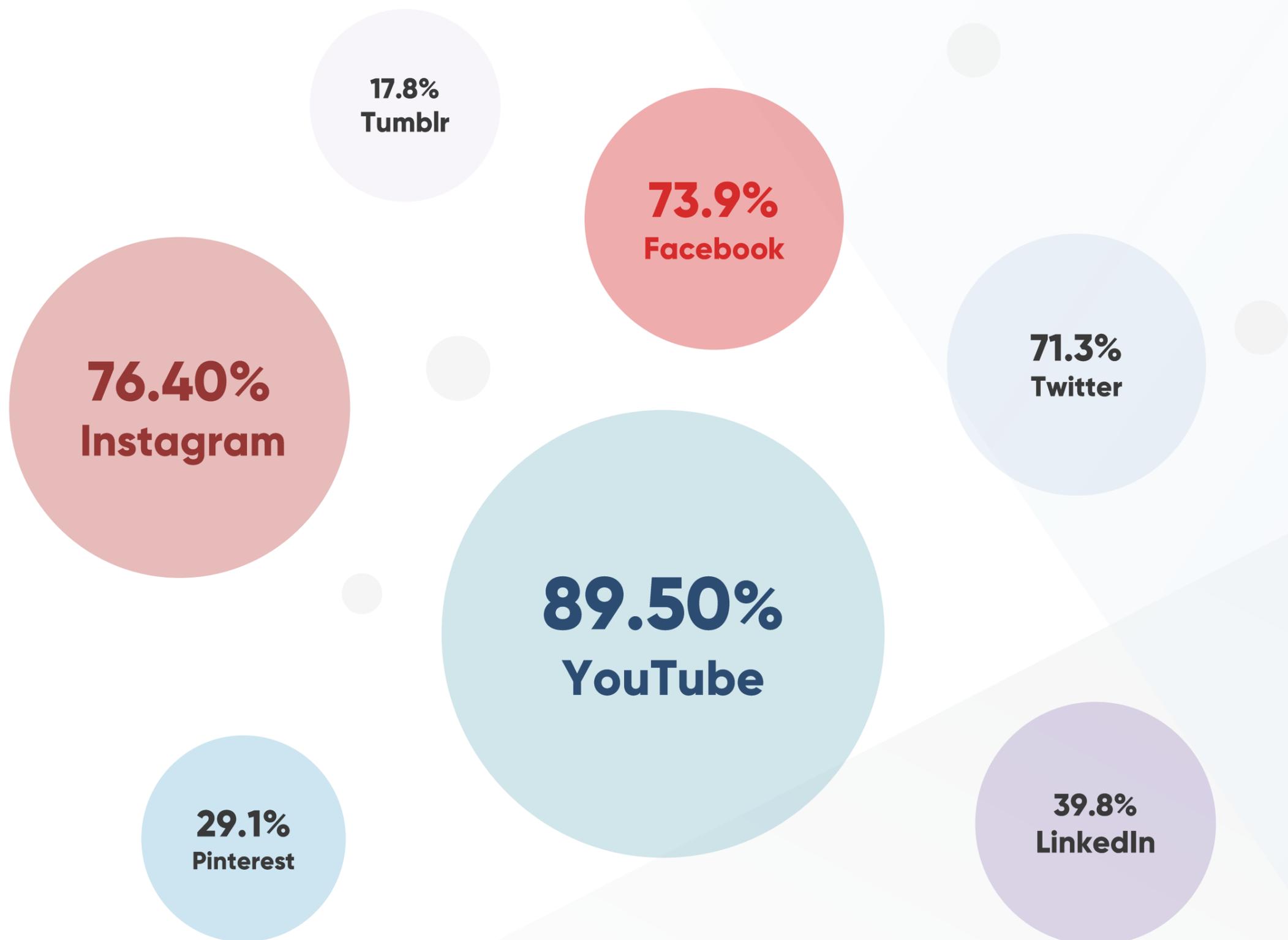
Online purchase drivers

Free delivery and cash on delivery option are the main online purchase drivers among Saudis.



Social Media Usage

In fact, the average time Saudis spend on social media has increased more than **20%** during the last three years to more than **3H** per day.



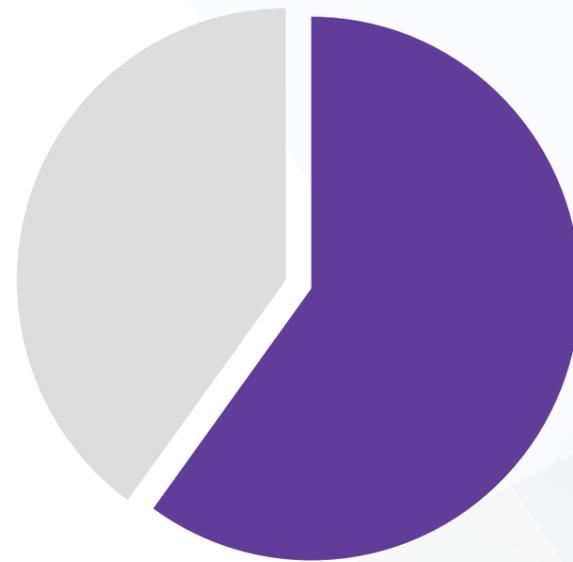
Social Media and E-commerce

E-commerce and social media go hand by hand. Social media for e-commerce has become an essential element in sales growth for many businesses. Using social media to boost offer many benefits to help build a business.

72.8% of the Saudi Arabia population are **active social media users.**

60%

OF Saudis use **social media** to find information about brands



58% of Saudis discover new sellers from **Facebook.**



61% of Saudis discover new sellers from **Instagram.**



Influence of COVID-19

Significant changes in consumers' behavior because of COVID-19 – spending more time at home and change of purchasing channel from offline to online.

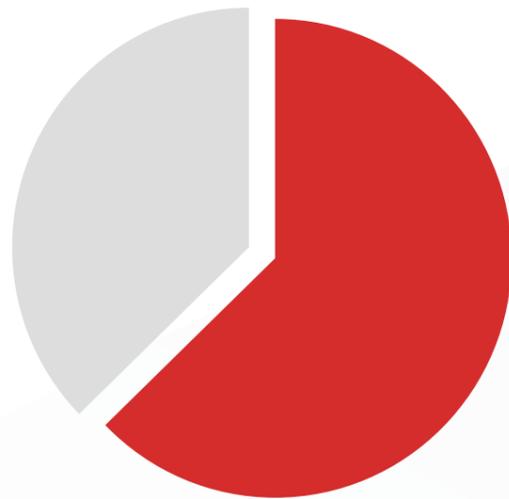
3 out of 4

Saudi consumers **shopping online more** than they did before the pandemic.



69%

of Saudis will **continue using online stores** after the pandemic ends.



Please contact us if you need more detailed information

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